

MATERIAL INSPECTION SERVICE, USN

ADMINISTRATION MANUAL

ADMINISTRATION OF  
GOVERNMENT PROPERTY  
IN THE  
POSSESSION OF CONTRACTORS

7-5000.3  
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OFFICE OF NAVAL MATERIAL  
(FIELD SERVICES DIVISION)

ONMINST 5000.3  
VOL 2 CHAP -6

JULY 1958



DEPARTMENT OF THE NAVY  
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26 MAY 1964

MIS ADMINISTRATION MANUAL, VOLUME 2 - CHANGE NO. 87

From: Chief of Naval Material  
To: Distribution List  
Subj: MIS, USN, Administration Manual (ONMINST 5000.3) Volume 2;  
revisions to Chapter 6 and Property Administration Handbook  
Encl: (1) Chapter 6 contents pages, list of illustrations and pages  
6-7, 8, 21, 22, 31, 32, 37, 38, 47, 48, 85, 86, 86a, 86b,  
87, 88, 92a, 92b, 92c, 92d

1. Action. Holders of subject volume and handbook are requested to insert the pages of enclosure (1) therein and remove superseded pages.
2. Revision. This change updates various property record references and procedures and illustrates new and revised forms related thereto.
3. Distribution. This change is distributed to holders of subject volume and handbook from two mailing lists. Activities included in both lists will therefore receive copies under two mailings, possibly as much as a week apart.

J. F. RYDER  
By direction

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MIS ADMINISTRATION MANUAL, VOLUME 2 - CHANGE NO. 76

From: Chief of Naval Material  
To: Distribution List

Subj: MIS, USN, Administration Manual (ONMINST 5000.3), Volume 2;  
Chapter 6 and Property Administration Handbook

Encl: (1) Revised pages v, 7-8, 13-14, 15 (16 blank), 23-24, 24a-24b,  
39-40, 41-42, 43-44, 44a-44b, 44c-44d, 44e-44f, 65-66, and  
66a

1. Action. Insert enclosed pages into subject chapter and handbook;  
remove superseded pages, including pages 6-44g, 6-44h and 6-46a.

2. Revision. This Change incorporates certain BuDocks and NavCompt  
requirements into subject chapter and handbook and reflects revisions  
to Classes 1 and 2 plant property reporting procedures promulgated  
by SECNAV, BuDocks and NavCompt.

3. Effective Date. The instructions outlined herein are effective  
upon receipt.

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R. W. CURTIS  
Asst. Chief of Naval Material  
(Field Operations)

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## CHAPTER 6

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MAY 17 1962

MIS ADMINISTRATION MANUAL, VOLUME 2 - CHANGE NO. 65

From: Chief of Naval Material  
To: Distribution List

Subj: MIS, USN, Administration Manual (ONMINST 5000.3), Volume  
2; revisions in Chapter 6 and Property Administration Handbook

Encl: (1) Chapter 6, Volume 2, pages v, 6-3-4, (5 blank) -6,  
7-8, 9-10, 20a-20b, 39-40, 40a-40b, 44e-44f, 47-48,  
49-50, 55-56, 65-66, 69-70, 82a-82b, 93-94, 95-96,  
97-98, 99-100, 117-118

1. Action. Addressees are requested to insert reprinted pages transmitted as enclosure (1) into subject chapter and handbook; remove superseded pages; and make the following pen and ink change:

On Page 6-52, change the word "thru," following production equipment code 3577, to "and."

2. Revision. This change is promulgated primarily to require summary records for plant equipment having an acquisition cost of \$200 or more, but less than \$500. Contractors will not be required to maintain records of plant equipment in this category on the Property Record Form, DD Form 1342. This change also delegates to the contract administrator authority to determine the liability of contractors for lost, damaged, or destroyed items of government property which have an acquisition cost of less than \$500 for each item and a total acquisition cost less than \$2500 for all items involved in the determination. This change highlights the need for contract administrators to consider the effect on price redetermination of providing government property (206120.a.10).

3. Effective Date. The changes outlined herein are effective upon receipt.

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MIS ADMINISTRATION MANUAL, VOLUME 2 - CHANGE NO. 63

From: Chief of Naval Material  
To: Distribution List

Subj: MIS, USN, Administration Manual (ONMINST 5000.3), Volume 2;  
revisions in Chapters 10, 11 and 12 and Contract Termination  
Handbook

Encl: (1) Replacement pages to Chapter 10: iii, 13, 14, 17, 18, 21, 22,  
39, 40, 45 thru 68; all of Chapter 11; Chapter 12: i, iii, 1 thru  
20, 37, 38 thru 38d, 39, 40 and 47 thru 50

1. Action. The enclosed pages shall be inserted in subject chapters and  
handbook. Superseded pages shall be removed.

2. Revision. This change provides for screening of Navy excess con-  
tractor inventory by the General Services Administration. It contains  
instructions for the use of the new DD Form 1342-s in reporting excess  
production equipment; incorporates business clearance requirements for  
certain negotiated sales and abandonments; and clarifies the criteria for  
sales actions which require Review Board approval. It also provides for  
submission of statistical data concerning subcontract settlements under  
terminated contracts, and includes changes in responsibility for effecting  
donation of surplus property screened with GSA. Further, it emphasizes  
the Inspector's responsibility for complying with advance instructions  
applicable to the return of Government property; clarifies the contractor's  
obligation to retain, divert or return residual contractor-acquired prop-  
erty; and revises requirements under various forms, lists, and tables.

3. Effective Date. These instructions are effective upon receipt.

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MIS ADMINISTRATION MANUAL, VOLUME 2 - CHANGE NO. 57

From: Chief of Naval Material  
To: Distribution List

Subj: MIS USN Administration Manual (ONMINST 5000.3), Volume 2; revisions to Chapter 6 and Property Administration Handbook

Encl: (1) Reprinted pages to Chapter 6: iii-iv; 1 thru 4; 9 thru 10b; 11 thru 14; 17 thru 20b; 21 (22 blank), 23-24; 27 thru 30; 33 thru 36b; 37 thru 40a; 45 thru 46a; 47 thru 50a; 51 thru 66a; 67 thru 70 (71-72 blank); 73 thru 78a; 79 thru 82c; 83 thru 86b; 87 thru 92, 101-102, 111-112

1. Action. Addressees shall insert the reprinted pages transmitted herewith as enclosure (1) in the subject Chapter and Handbook and remove corresponding superseded pages.

2. Revision. This change includes a revision of paragraph 206245 of subject chapter to provide implementing procedures for use of the new Property Record Forms, DD Form 1342. Paragraph 206323.h thru m is revised and reissued as 206324, to implement NPD 13-104.50 relative to procedures for determining contractor or subcontractor liability for lost, damaged, destroyed, or unreasonably used or consumed Government property. The former 206324 paragraph is renumbered 206325.

3. Distribution. This change is distributed to holders of the subject Manual and Handbook from two mailing lists; copies may therefore be received under separate mailings, possibly as much as a week apart.

4. Effective Date. These instructions are effective upon receipt.

R. W. CURTIS  
Asst. Chief of Naval Material  
(Field Operations)

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MIS ADMINISTRATION MANUAL, VOLUME 2 - CHANGE NO. 45

From: Chief of Naval Material  
To: Distribution List

Subj: MIS, USN, Administration Manual (ONMINST 5000.3), Volume 2; revisions to Chapter 6 and Property Administration Handbook

Encl: (1) Reprinted pages to Chapter 6 of Volume 2: i and ii of contents, 3-4, 10a-10b, 19-20, 20a, 23-24, 24a, 25-26, 29-30, 49-50, 51-52, 57-58, 85-86, 86a, and 91-92

1. Action. The reprinted pages to subject Manual transmitted herewith as enclosure (1) shall be inserted in Chapter 6 of Volume 2. Superseded pages shall be removed. The following pen and ink changes shall be made:

Pen and Ink Changes - Page 6-78, subparagraph 206321.c.3, line 11, change Chapter "6" to read Chapter "5." On page 6-82, paragraph 206323.k, line 10 in right-hand column, delete "Treasurer of the United States" and substitute "cognizant Inspector."

2. Revision. This change brings Chapter 6 into conformance with NAVCOMPT and ASPR requirements, and includes certain other improvements in the property administration control procedures.

3. Distribution. Holders of the Manual and the Property Administration Handbook receive distribution of Manual changes from two separate mailing lists. Therefore, copies of this change may be received in separate mail shipments, possibly as much as a week apart.

4. Effective Date. These instructions are effective upon receipt.

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MIS ADMINISTRATION MANUAL, VOLUME 2 - CHANGE NO. 44

From: Chief of Naval Material  
To: Distribution List

Subj: MIS USN Administration Manual (ONMINST 5000.3), Volume 2; revisions to Chapter 6 and Property Administration Handbook

Encl: (1) Revised pages 6-11 thru 15 (16 blank), 19 thru 24, 27 thru 30, 35 thru 40, 51 thru 54, 57 thru 60, 75 and 76

1. Action. Addressees shall insert the reprinted pages transmitted herewith as enclosure (1) in the subject Chapter and Handbook; remove corresponding superseded pages; and make the following pen and ink changes: on page 6-3, column 1, line 4 of subparagraph (b), change \$100 to read \$200. On page 6-46, column 1, line 2 of subparagraph f.l., change \$100 to read \$200. On page 47, end of column 2, line 3 of subparagraph (y), change \$100 to read \$200. On page 6-64, subparagraph 2, middle of column 2, change 26184-2 to read 28704.

2. Revision. This change brings Chapter 6 into conformance with the NAVCOMPT Manual, BUSANDA Manual, and the ASPR. It clarifies a point of usage of NAVEXOS 4394; deletes the requirement that contractors affix production equipment codes to metalworking machinery; and states Navy policy that property administrators will not duplicate property record cards maintained by the contractor.

3. Distribution. This change is distributed to holders of the subject Manual and Handbook from two mailing lists; therefore, copies may be received under separate mailings, possibly as much as a week apart.

4. Effective Date. These instructions are effective upon receipt.

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MIS, USN, ADMINISTRATION MANUAL, VOLUME 2 - CHANGE NO. 32

From: Chief of Naval Material  
To: Distribution List

Subj: MIS, USN, Administration Manual (ONMINST 5000.3), Volume 2;  
revision to Chapter 6 and Property Administration Handbook

Encl: (1) Revised pages 6-77 - 6-78

1. Action. The reprinted pages transmitted herewith as enclosure (1) shall be inserted in the subject Chapter and Handbook. Corresponding superseded pages shall be removed.
2. Revision. Additions and other changes to the enclosed pages are indicated by a black dot in the left-hand margins of the affected columns.
3. Distribution. This Change is distributed to holders of the subject Manual and Handbook from two mailing lists; therefore, copies may be received under separate mailings, possibly as much as a week apart.
4. Effective Date. These instructions are effective upon receipt.

G. L. Heap  
Asst. Chief of Naval Material  
(Field Services)

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17 NOV 1959

MIS, USN, ADMINISTRATION MANUAL, VOLUME 2 - CHANGE NO. 30

From: Chief of Naval Material  
To: Distribution List

Subj: MIS, USN, Administration Manual (ONMINST 5000.3), Volume 2;  
revision to Chapter 6 and Property Administration Handbook

Encl: (1) Revised pages 6-11 - 6-12; 6-45 - 6-46; 6-65 - 6-66

1. Action. The reprinted pages transmitted herewith as enclosure (1) shall be inserted in their proper places in the subject chapter and handbook, and the corresponding superseded pages shall be removed.

2. Distribution. This change is being distributed to holders of the Manual and the related handbook from two different mailing lists; copies may, therefore, be received under separate mailings, possibly as much as a week apart.

3. Revision. Additions and other changes to the enclosed pages are indicated by a dot in the left-hand column of the affected pages.

4. Effective Date. The revised instructions contained herein are effective upon receipt.

G. L. Heap  
Asst. Chief of Naval Material  
(Field Services)

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MIS, USN, ADMINISTRATION MANUAL, VOLUME 2 - CHANGE NO. 27

From: Chief of Naval Material  
To: Distribution List

Subj: MIS, USN, Administration Manual, Volume 2; revision to  
Chapter 6 and Property Administration Handbook

Encl: (1) Revised pages to subject chapter and handbook: 6-10a - 10b,  
63 - 64, 75 - 76, 77 - 78, 81 - 82 and 91 - 92

1. The reprinted pages transmitted herewith as enclosure (1) shall be inserted in the subject chapter and handbook and the corresponding superseded pages removed.

2. This change revises certain existing procedures for administration of Government property in the possession of contractors. In addition, it incorporates into the Manual the instructions regarding single service property administration interchange agreements. Additions and other revisions are indicated in the enclosed pages by a dot in the left-hand margins of the affected columns.

3. Changes to the subject Manual that also affect a related handbook are distributed from two mailing lists. Activities appearing on both lists will therefore receive copies under two separate mailings, possibly as much as a week apart.

4. The revised instructions contained herein are effective upon receipt.

G. L. Heap  
Asst. Chief of Naval Material  
(Field Services)

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MIS ADMINISTRATION MANUAL, VOLUME 2 - CHANGE 20

From: Chief of Naval Material  
To: Distribution List

Subj: MIS, USN Administration Manual (ONMINST 5000.3) Volume  
2; revision of Chapter 6 and Property Administration Hand-  
books

Encl: (1) Revised pages 6-17 - 6-18, 6-19 - 6-20, and 6-21 - 6-22

1. The pages transmitted herewith as enclosure (1) shall be inserted in their proper places in the subject Chapter and Handbook and the corresponding superseded pages shall be removed.

2. This change will be distributed to holders of the Manual and the Property Handbooks from two different mailing lists; therefore, activities appearing on both lists will receive copies under separate mailings, possibly as much as a week apart.

3. This revision of the Manual and related Handbook promulgates revised requirements for physical inventories of Government property in the possession of contractors. Changes in the enclosed pages are indicated by a black dot in the left-hand margins.

4. The instructions contained herein are effective upon receipt.

G. L. Heap  
Asst. Chief of Naval Material  
(Field Services)

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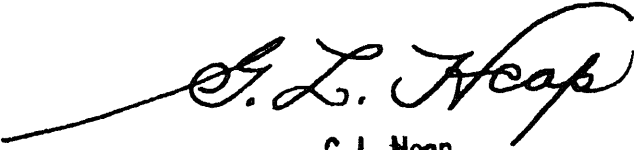
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MIS ADMINISTRATION MANUAL, VOLUME 2-- CHANGE NO. 19

From: Chief of Naval Material  
To: Distribution List  
Subj: MIS, USN, Administration Manual (ONMINST 5000.3) Volume 2; revisions to Chapter 6 and Property Handbook  
Encl: (1) Pages 6-3, 4, 9, 10, 11, 12, 37, 38, 65, 66, 73, 74, 77, 78, and 6-101 through 6-116, inclusive

1. The reprinted pages transmitted herewith as enclosure (1) shall be inserted in Chapter 6 of Volume 2 of the subject Manual and into the Property Handbook. Corresponding superseded pages shall be removed.
2. Revisions to the enclosed pages are indicated by a dot in the left-hand margins of affected columns.
3. Page changes are distributed to holders of the Manual and a related handbook from different mailing lists. Therefore, activities appearing in both lists will receive copies of this change under two separate mailings.
4. The revised instructions contained herein are effective upon receipt.

  
G. L. Neap  
Asst. Chief of Naval Material  
(Field Services)

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ADMINISTRATION MANUAL, VOLUME 2, CHANGE NO. 14

From: Chief of Naval Material  
To: Distribution List

Subj: MIS, USN, Administration Manual (ONMINST 5000.3), Volume 2;  
revisions to Chapters 10, 11, 12, and Contract Termination  
Handbook

Encl: (1) Revised pages of subject chapters

1. The reprinted pages transmitted herewith as enclosure (1) shall be inserted in their proper places in chapters 10, 11, 12, and the Handbook, and the following superseded pages shall be removed: 10-11 - 10-12, 10-13 (14 blank), 10-17 - 10-18, 10-33 - 10-34, 10-37 - 10-38, 10-43 - 10-44, 10-49 - 10-50, 10-53 - 10-54, 10- 61 (62 blank); 11-5 - 11-6, 11-21 - 11-22; and 12-9 - 12-10.
2. Changes are distributed to holders of the Manual and the handbooks from separate mailing lists; therefore, activities appearing on both lists will receive distribution of this change under two mailings, possibly as much as a week apart.
3. Additions, deletions, and other revisions to the enclosed pages are indicated by a black dot in the left-hand margins of the affected columns.
4. The revised instructions contained herein are effective upon receipt.

G. L. Heap  
Asst. Chief of Naval Material  
(Field Services)

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ADMINISTRATION MANUAL, VOLUME 2 - CHANGE NO. 13

From: Chief of Naval Material  
To: Distribution List

Subj: MIS, USN, Administration Manual (ONMINST 5000.3) Volume 2,  
Chapter 6 and Handbook; revision of

Encl: (1) Revised pages 6-33 through 36; 6-59 through 64a; and 6-93  
through 99

1. The pages transmitted as enclosure (1) should be inserted in Chapter 6 of Volume 2 of the subject Manual, and Property Handbook, and the following superseded pages removed: 6-33 - 34; 6-35 - 36; 6-59 - 60; 6-61 - 62; 6-63 - 64; and 6-93 (unnumbered).
2. The procedures contained in paragraphs i. and j. of Article 206245 of the Manual, relative to effecting changes to items of plant equipment (plant property class 3) are revised by this change. It also substitutes revised forms for several of the illustrations contained in Chapter 6.
3. Inasmuch as changes are distributed to the holders of the basic Manual and the Property Handbook from separate mailing lists, activities appearing on both lists will receive distribution of this change in two mailings, possibly as much as a week apart.
4. The instructions contained herein are effective upon receipt.

H. A. Stockenberg  
Acting Asst. Chief of Naval Material  
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ADMINISTRATION MANUAL, VOLUME 2 - CHANGE NO. 4

From: Chief of Naval Material  
To: Distribution List

Subj: MIS, USN, Administration Manual (ONMINST 5000.3) Volume  
2, Chapter 12 and Contract Termination Handbook; revision of

Encl: (1) List of Illustrations for Chapter 12  
(2) Revised page 12-23 and addendum pages to Part D of  
Chapter 12

1. The page transmitted herewith as enclosure (1) shall be inserted in Chapter 12 of the subject Volume, following the Contents pages for the Chapter. Page 12-23 shall be removed and enclosure (2) inserted in its place.

2. This Change provides illustrations of the prescribed forms for disposal operations and instructions for their use. Also, it provides a listing of the illustrations for Chapter 12.

3. The instructions outlined herein are effective upon receipt.

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Asst. Chief of Naval Material  
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ONM NOTICE 5000

15 JUL 1958

From: Chief of Naval Material  
To: Material Inspection Service, USN  
Subj: Revised edition of Material Inspection Service, USN, Administration Manual (ONMINST 5000.3); distribution of Chapter 6 to Volume 2 and Handbook  
Ref: (a) Material Inspection Service, USN; Administration Manual, NAVEXOS P-120  
(b) Instructions for Supervising Inspectors of Naval Material and Inspectors of Naval Material, NAVEXOS P-866  
Encl: (1) Chapter 6, Volume 2 of subject Manual, Administration of Government Property in the Possession of Contractors

1. Purpose. This Notice transmits Chapter 6 of Volume 2 to holders of the subject Manual and provides for the issuance of this chapter in separate handbook format to a selected distribution list.

2. Cancellation. The instructions contained in enclosure (1) cancel and supersede Chapter C6 of Part C of reference (a) and any instructions in Chapter 4 of reference (b) which are in conflict with these instructions.

3. Action

a. Delete Chapter C6 of Part C of reference (a).

b. Insert enclosure (1) of this Notice, as Chapter 6, in the binder provided for Volume 2 of the subject Manual.

4. Effective Date. The instructions contained herein are effective upon receipt.

5. Cancellation. This Notice is canceled upon completion of the required action, and for record purposes on 30 November 1958.

*G. L. Heap*

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Asst. Chief of Naval Material  
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## CHAPTER 6

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## CHAPTER 6

ADMINISTRATION OF GOVERNMENT PROPERTY  
IN THE POSSESSION OF CONTRACTORS

## PART A. GENERAL

Section 1. PURPOSE AND SCOPE OF  
CHAPTER (ASPR, APP B 101,  
102)206000. Responsibilities of the Contractor  
and the Navy Concerning Govern-  
ment Property

This chapter sets forth procedures for administering government property in the possession of contractors, including property provided to nonprofit research and development contractors. The practices and procedures of this chapter apply to all types of contracts, leases, and bailments, pursuant to which government property is provided to a contractor. Contractors provided government property are directly responsible and accountable for using it only for authorized purposes, for properly maintaining and controlling it, for keeping adequate records of it, and for otherwise protecting the Government's ownership interest in it. The cognizant Inspector is responsible for insuring that such contractor responsibilities are, in fact, carried out.

206001. Basic Policies for Control and  
Administration of Government  
Property

Appendix B of the Armed Services Procurement Regulation (ASPR), which is entitled "Manual For Control of Government Property in the Possession of Contractors," and Appendix C, entitled, "Manual For Control of Government Property in the Possession of Nonprofit Research and Development Contractors," contain basic policies for the control and administration of government property. ASPR Appendix B is incorporated by reference in contracts providing government property to contractors, except where Appendix C is used. Appendix C is incorporated by reference in research and development contracts providing for government property when such contracts are on a nonprofit basis and entered into with educational or other nonprofit organizations.

206002. Relation of Appendixes B and C  
of ASPR, and Other Regulations

The purpose of this chapter is to implement and explain the requirements contained in Appendixes B and C of ASPR. The provisions of these appendixes are not generally repeated in this chapter except when necessary for clarity. For ease of reference, the organization of the chapter generally follows that of Appendix B. The number of the related paragraph in ASPR, Appendix B or C, is indicated after the section headings of this chapter. Property administration topics which are not covered in Appendix B are inserted in this chapter between the sections to which they most closely relate. The appropriate paragraph numbers of Appendix B or C are also referenced, as applicable, within the section of this chapter to which they relate. The procedures to be followed by property administrators for the internal Navy accounting for industrial facilities are contained herein. Certain procedures of the Navy Comptroller Manual relative to this subject are referenced to avoid their repetition and should be followed accordingly. Procedures to be followed in reporting and disposing of government property when completion or termination of a contract or subcontract is contemplated, or when government property is no longer needed for the purpose for which it was furnished or acquired, are contained in Chapters 11 and 12.

206003. Requirements for Effective Prop-  
erty Administration

Effective property administration of government contracts requires a thorough knowledge of Appendixes B and C of ASPR, the terms of the particular contract as they relate to the government property provided, and the information contained in this chapter. Compliance with the provisions of ASPR Appendixes B or C is mandatory on the part of contractors in connection with contracts which incorporate these appendixes.

Compliance with ASPR, Appendixes B or C, if applicable, and this chapter is mandatory on the part of the inspection office personnel.

## Section 2. DEFINITIONS (ASPR, APP B 103)

### 206020. Contract Administrator

The contract administrator is the individual duly designated by appropriate authority in the military departments to administer the contract. Usually, the officer-in-charge of the Office of the Material Inspection Service, Office of Naval Research Branch Offices, and other field offices administering Navy contracts with private industry will be the individual appointed as the contract administrator. The Directory of Offices of the Material Inspection Service, USN (NAV-EXOS P-575) shall be used to facilitate the determination of the appropriate office. The duties and responsibilities of the contract administrator with regard to government property may be delegated to qualified personnel within the inspection office. The contract administrator may authorize individuals who perform property administration functions to sign records, reports, and correspondence pertaining thereto, "by direction."

### 206021. Property Administrator

The property administrator is a representative of the cognizant inspection office, appointed for a contract and responsible for performing certain property administration functions. See 206131, 206140.

### 206022. Assistant Property Administrator

The assistant property administrator is the government representative designated by the contract administrator to perform property administration functions for subcontracts or for those portions of contracts being performed at the secondary site of a contractor. See 206141

### 206023. Government Property

a. Government property means all property owned by or leased to the Government, including property acquired by the Government under the terms of a contract. However, for the purposes of Appendixes B and C of ASPR and of this chapter, property to which the Government has acquired a lien or title solely as a result of partial,

advance, or progress payments is not classified as government property. (See Section 7, Part D.) With this exception, government property includes both government-furnished property and contractor-acquired property as defined below:

1. Government-furnished property is property in the possession of or acquired directly by the Government and delivered or otherwise made available to the contractor.
2. Contractor-acquired property is property procured or otherwise provided by the contractor for the performance of a contract pursuant to the terms of which, title is vested in the Government.

The term "provide," as used in the context of such phrases as "government property provided to the contractor" and "government-provided property," includes both government-furnished property and contractor-acquired property.

b. Under Appendix B to ASPR, government property is divided into three major categories: industrial facilities, special tooling, and material. Under Appendix C to ASPR, government property is divided into five categories: real property, plant equipment, minor equipment, special tooling, and material; these categories are defined as follows:

1. Industrial Facilities. Industrial facilities are property, other than material and special tooling, used in the performance of a contract or subcontract, including real property and rights therein, buildings, structures, improvements, and plant equipment. For management purposes and fiscal and technical control under the Navy inventory control system, industrial facilities include three separate classes: Class 1, Land; Class 2, Buildings and Improvements; Class 3, Plant Equipment (which excludes minor plant equipment); and Class 4, Industrial Production Equipment. These four classes of property are collectively referred to under the Navy inventory control system as plant property. (A detailed description of the types of industrial facilities which are recorded and reported under the Navy inventory control system is included in Paragraph 206245.)

(a) Plant equipment. Plant equipment means personal property of a

capital nature (consisting of machinery, equipment, furniture, vehicles, machine tools, and accessory and auxiliary items, but excluding special tooling) used or capable of use in the manufacture of supplies or in the performance of services or for any administrative or general plant purpose. Under the Navy inventory control system, furniture is excluded from the plant accounting procedures for equipment unless specifically designated as Plant Equipment.

(b) Minor plant equipment. Minor plant equipment is an item of plant equipment having a unit value of less than \$200 or any other item of plant equipment, regardless of cost, so designated by the Government. Minor plant equipment is excluded from the plant accounting procedures for plant equipment (Plant Property Class 3).

2. Special Tooling. Special tooling means all jigs, dies, fixtures, molds, patterns, special taps, special gages, special test equipment, and other special articles of equipment and manufacturing aids acquired or manufactured by a contractor for use in the performance of a Government contract, and replacements thereof, which are of such a specialized nature that, without substantial modification or alteration, their use is limited to the production of such supplies or parts thereof or the performance of such services as are peculiar to the needs of the Government. The term does not include: (a) items of tooling or equipment or replacements thereof, acquired by a contractor for purposes other than a Government contract, whether or not altered or adapted for use in the performance of a Government contract; or (b) consumable small tools; or (c) general or special machine tools or similar capital items; or (d) machines and accessory equipment of a capital nature which are used in wood-working, molding, or in die-casting plastic or other non-metallic substances. As a rule, an assembled unit of special tooling consisting of standard commercial items (including those used for testing) or components shall be considered special tooling only if the cost to disassemble and recondition the individual items or components

for general purpose use exceeds 50% of the total acquisition cost of the assembled unit.

3. Material. Material is property which may be incorporated into or attached to an end product to be delivered to the Government or which may be consumed or expended in the performance of a contract. It includes but is not limited to: raw and processed material, parts, components, assemblies, and small tools and supplies which may be consumed in normal use during the life of the contract.

4. Appendix C Classifications. Under Appendix C, Government property is divided into five categories: real property, plant equipment, minor equipment, special tooling, and material. It should be noted that there is no provision for the term industrial facilities.

#### 206024. Production Scrap

Production Scrap is Material generated as scrap in the usual production processes having only a remelting or reprocessing value, such as metal clippings, chippings, borings and turnings, textile or hide trimmings or scrap, and similar kinds of property.

#### 206025. Property Accounts

Property accounts are the official records of the Government property provided to a contractor by a department and are established and maintained under the provisions of ASPR, Appendixes B or C. Navy property accounts are established on a contractor basis. See Section 6 of Part C of this chapter with regard to numbering of property accounts.

#### 206026. Custodial Records

Custodial records are written memoranda of any type used to control items issued to plant employees from tool cribs, tool rooms, and stock rooms. They are used, for example, with respect to tool crib items, guard force items, and protective clothing. Custodial records may be in the form of requisitions, issue slip receipts, tool checks, stock record books, or other documents, depending upon the business practice of the contractor.

#### 206027. General Information Letter

A General Information Letter is a letter

to contractors and subcontractors generally advising them of their responsibilities with regard to Government property. See Section 6, Part B of this chapter.

206028. Certification of Proper Usage and Disposition of Government Property

This is a signed statement by the contractor that at completion of the contract all residual Government property was returned or disposed of as directed by the Contracting Officer and that consumption of material in the performance of the contract was not excessive. (See Page 6-20b.)

Section 3. METHODS OF PROVIDING GOVERNMENT PROPERTY TO CONTRACTORS

206040. Scope of the Section

a. The basic rights and obligations of the contractor with regard to Government property are set forth in the contract under which the property is provided. It is therefore important for the Property Administrator to be familiar with the types of contracts and the contractual methods used in providing such property to contractors. This section sets forth the methods of providing facilities, special tooling, and material to contractors.

b. Contractors who desire increases or decreases in the quantity of Government property to be provided or who desire changes in the type of Government property to be provided in accordance with the schedule or specifications of the contract should request such changes in writing from the contracting officer. Such requests should be forwarded via the cognizant inspection office which should provide appropriate comment thereon. Generally, such requests for changes in Government property to be provided to contractors should not be originated by the Inspector.

206041. Industrial Facilities

a. ASPR 13-402 requires that industrial facilities be provided to a contractor under a facilities contract separate from any related contracts for supplies or services except in certain instances listed in subparagraph 2, below. All such industrial facilities provided by a bureau or office for use by a contractor at any one plant or general location shall be governed by a single facilities contract with the bureau or office. Generally, industrial facilities are provided to a subcontractor by the Government under a separate contract

or lease between the Government and the subcontractor. (In the latter case, the subcontractor is considered a contractor under the facilities contract.)

1. Facilities Contracts. A facilities contract is a contract between the Government and a contractor under which industrial facilities are provided by the Government for use in connection with the performance of a separate contract or contracts for supplies or services. It states the facilities to be provided, the terms for their acquisition, and the purpose for which they may be used by the contractor. In the latter connection, the facilities contract identifies the Government contracts for supplies or services on which the facilities may be used and specifies the extent, if any, to which the facilities may incidentally be used on commercial work. A facilities contract may permit the contractor to utilize Government-furnished industrial facilities without charge provided that (a) the contractor is not thereby placed in a favored competitive position and (b) the Navy receives adequate consideration through reduced cost or otherwise for the supplies or services on which the facilities will be used. When a charge is necessary, the contract provisions will govern.

Facilities contracts further provide that the Government is not liable to the contractor for damages or loss of profit due to late delivery of such facilities. The Government reserves the right to direct facilities provided under the contract to other locations, as well as to substitute Government-furnished facilities for facilities to be acquired by the contractor at the Government's expense. Any adjustments between the contractor and the Government which are necessary because of late delivery, diversion, or substitution of facilities must be made in the supply or service contracts affected, not in the facilities contract. Facilities contracts also contain provisions regarding the maintenance of the Government facilities, liability for loss or damage thereto, and termination of the contract itself. Appendix B or C to ASPR, whichever is applicable, is required by ASPR Section XIII to be incorporated by reference into each facilities contract.



by the Bureau of Aeronautics, sets forth in detail the conditions under which a contractor may use Government-owned facilities including minor plant equipment and, by reference to the contractor's plant account number, covers all Bureau of Aeronautics' industrial facilities in the contractor's plant account. It does not cover material or special tooling. A use agreement does not involve any Government funds, since no purchase action is necessary to secure the facilities; and it contains no time limitation on the contractor's use of the facilities. It may be terminated at any time by written notice to the contractor signed by the Contracting Officer. Generally, facilities use agreements permit contractors to use Government facilities on a rent-free basis under certain conditions, including subcontracting work where approved by the Inspector cognizant of the contract.

Prior to authorizing such rent-free use by the subcontractor, the Inspector cognizant of the contractor must determine pursuant to ASPR 13-407 that (1) the Government receives adequate consideration through reduced cost for the supplies or services, and that (2) the subcontractor is not thereby placed in a favored competitive position.

Insofar as assuring that the Government receives adequate consideration prior to authorizing rent-free use, this requirement has been met by the standard terms in the BUAER facilities use agreements (Section 3 (a)), whereby the contractor agrees not to "include in the cost or price of any articles...furnished under the Government...subcontracts any provision, allowance, or charge for...(2) the amortization or depreciation of the facilities...or any amount which represents rental for use of any facilities which the Contractor is authorized to use on a rent-free basis." Accordingly, in authorizing rent-free use, the Inspector may rely on the foregoing in the absence of information or evidence to the contrary and is not required to take further investigative action into the matter.

In order to avoid placing the subcontractor in a favored competitive position through a rent-free use authorization, the Inspector cognizant of the contractor shall determine whether price

competition is available for the part of the subassembly being procured. If price competition is not attainable, and the subcontract is to be awarded on a sole-source basis, or on a basis other than that of price, rent-free use of the facilities may be considered as not conferring an unfair competitive advantage. Where competitive bids or proposals have been obtained by the supply contractor, a factor must be added to the prices bid by the subcontractors contemplating use of BUAER facilities on a rent-free basis in order to compare prices. This factor (determined by BUAER) will normally be set forth in the facilities agreement between BUAER and the subcontractor. Where this factor is not included in the agreement or where it is not practical to obtain it by reference to the use agreement, BUAER (Code CT-223) will provide this information on request. Where the prospective subcontractor bids or quotes on both a rental and rent-free basis, the price on a rental basis may be used in evaluations without further computations. If, in spite of the addition of the factor or of the use of his quotation on a rental basis, the subcontractor is low, it may then be determined that authorization for rent-free use would not thereby place him in a favored competitive position. If, based on this analysis, the subcontractor's quotation is high, rent-free use shall not be authorized. However, the supply contractor still may elect to proceed with an award to the subcontractor with BUAER facilities; but in this case use will be on a rental basis.

In accordance with the terms of the BUAER facilities use agreement, the subcontractor must obtain prior written approval of the Inspector cognizant of the BUAER supply contract before the Government facilities may be used rent-free for the BUAER subcontract work. Hence, the responsibility for initiating requests for rent-free use approval lies with the subcontractor, and the Inspector cognizant of the supply contractor need act only on those requests brought to his attention for decision in the course of that contractor's subcontracting endeavors.

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Where a subcontractor has failed to obtain such prior written approval, the Inspector cognizant of the subcontractor (and hence cognizant of the subcontractor's BUAER facilities use agreement) shall assure that a rental is paid.

2. Furnishing Facilities under a Supply or Services Contract. As mentioned in subparagraph 1 above, there are certain exceptions to the requirement that facilities must be provided under a separate facilities contract. Facilities may be provided under a supply or services contract when:

(a) the total acquisition cost of the facilities provided to a contractor by a procuring activity at one plant or location does not exceed \$50,000;

(b) the contract is for the performance of construction work; or

(c) the contract is for the performance of work within establishments or installations operated by the Government.

b. In these instances the rights and obligations of the Government and the contractor with respect to the facilities provided are set forth in the Government property clause in the contract for supplies or services. Four standard clauses used in contracts for supplies or services are set forth in Section XIII of ASPR, two of which are as follows: ASPR 13-502 covers Government-furnished property under fixed price supply or service contracts, and ASPR 13-503 covers Government-furnished and contractor-acquired property under cost reimbursement, supply, or service contracts. These two clauses, however, do not apply to contracts for experimental, development, or research work with educational or other nonprofit institutions, when no profit to the contractor is contemplated. For such experimental, research, and development contracts with nonprofit institutions, the ASPR 13-505 clause, which covers Government-furnished property under fixed price contracts and the ASPR 13-506 clause, covering Government-furnished and contractor-acquired property under cost reimbursement contracts, are the applicable standard clauses. These same clauses cover Government-furnished material provided to a contractor under the contract (see Article 206044 of this section). Under cost reimbursement contracts, title to all property

purchased by the contractor, for which he is entitled to be reimbursed as a direct item of cost, passes to and vests in the Government upon delivery of such property to the contractor.

206042. Lease Agreements (Reserved)

206043. Special Tooling

The rights and obligations of the Government and the contractor with respect to special tooling are always governed by the terms of contracts for supplies or services, rather than by a separate contract. Special tooling may be Government-furnished or contractor-acquired. The general policy of the Navy is to furnish available special tooling to a contractor if such furnishing does not interfere with essential production or program schedules and the cost of such furnishing is less than the cost to the Government if the contractor were to acquire new special tooling.

1. Government-Furnished Special Tooling Under a Fixed Price Contract. Government-furnished special tooling provided under a fixed price contract is covered by the standard Government-furnished property clause, ASPR 13-502. Appendix B to ASPR is incorporated by reference in this clause. Therefore, the special tooling furnished under such a contract is subject to the applicable property control requirements stated in Appendix B and in this chapter.

2. Contractor-Acquired Special Tooling Under a Fixed Price Contract. Where the contractor acquires or furnishes special tooling under a fixed price contract, one of several arrangements may be made:

(a) When specified as an end item. The contract may call for delivery of the special tooling to the Government as an end item under the contract. Where this is the case, the contract schedule will contain the time of delivery and price therefor. After such special tooling has been delivered to and accepted by the Government, it is treated as Government-furnished special tooling if it remains at the contractor's plant. The requirements relating to the use and care of the special tooling are spelled out in the provisions of each contract. Bureau of Ordnance contracts contain a

2. Furnishing Facilities under a Supply or Services Contract. As mentioned in subparagraph 1 above, there are certain exceptions to the requirement that facilities must be provided under a separate facilities contract. Facilities may be provided under a supply or services contract when:

- (a) the total acquisition cost of the facilities provided to a contractor by a procuring activity at one plant or location does not exceed \$50,000;
- (b) the contract is for the performance of construction work; or
- (c) the contract is for the performance of work within establishments or installations operated by the Government.

b. In these instances the rights and obligations of the Government and the contractor with respect to the facilities provided are set forth in the Government property clause in the contract for supplies or services. Four standard clauses used in contracts for supplies or services are set forth in Section XIII of ASPR, two of which are as follows: ASPR 13-502 covers Government-furnished property under fixed price supply or service contracts, and ASPR 13-503 covers Government-furnished and contractor-acquired property under cost reimbursement, supply, or service contracts. These two clauses, however, do not apply to contracts for experimental, development, or research work with educational or other nonprofit institutions, when no profit to the contractor is contemplated. For such experimental, research, and development contracts with nonprofit institutions, the ASPR 13-505 clause, which covers Government-furnished property under fixed price contracts and the ASPR 13-506 clause, covering Government-furnished and contractor-acquired property under cost reimbursement contracts, are the applicable standard clauses. These same clauses cover Government-furnished material provided to a contractor under the contract (see 206044 of this section). Under cost reimbursement contracts, title to all property

purchased by the contractor, for which he is entitled to be reimbursed as a direct item of cost, passes to and vests in the Government upon delivery of such property to the contractor.

206042. Lease Agreements (Reserved)

206043. Special Tooling

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- (a) When specified as an end item. The contract may call for delivery of the special tooling to the Government as an end item under the contract. Where this is the case, the contract schedule will contain the time of delivery and price therefor. After such special tooling has been delivered to and accepted by the Government, it is treated as Government-furnished special tooling if it remains at the contractor's plant. The requirements relating to the use and care of the special tooling are spelled out in the provisions of each contract. Bureau of Naval Weapons contracts contain a

special clause relating to such tooling.

(b) When not specified as an end item. When the fixed price contract does not specify that the special tooling is to be provided by the contractor to the Government as an end item, and when such special tooling is usable solely for the needs of the Government—the entire cost or a substantial portion thereof having been included in the contract price—a special tooling clause, ASPR 13-504, is generally included in the contract. Under this clause, title to special tooling acquired by the contractor is vested in the contractor while the tooling is being used during the performance of the contract. The provisions of ASPR Appendixes B or C, therefore, do not apply. However, ASPR 13-504 limits the use of the tooling to the contract for which it is acquired, except as the contracting officer authorizes its use on other contracts and for other purposes.

Under the clause the contractor further agrees to follow his normal industrial practices in maintaining property control records, to make such records available for inspection by government personnel, and, to the extent practicable, to identify by appropriate tag or stamp all special tooling subject to the clause. The provision that the contractor follow his normal industrial practices in maintaining property control records is not interpreted to permit the maintenance of incomplete, inaccurate, or inadequate records under the guise of normality. Industry practice is considered to require a written record of the quantity, description, location, and condition of special tooling acquired or manufactured for use under the contract. Special tooling subject to the ASPR 13-504 clause is not to be marked with the designations "Government Property" or "USN Property."

At the completion of the contract or when any substantial portion of the special tooling is no longer usable by the contractor on the contracts for which it is authorized to be used, the contractor is required to give notice to the contracting officer thereof. The Government at that time has the option to acquire title to the special tooling, or to allow the contractor to retain it at an appropriate price, or to otherwise dispose of it. The property administrator shall insure that the contractor fully complies with the provisions of ASPR 13-504.

3. Government-Furnished and Contractor-Acquired Special Tooling Under a Cost Type Contract. When special tooling is used under cost type contracts, the government property clause set forth in ASPR 13-503 is generally included in the contract, whether such special tooling is government-furnished or contractor-acquired. This clause incorporates, by reference, Appendix B to ASPR, thereby subjecting the special tooling to the applicable property control requirements contained therein and in this chapter.

#### 206044. Material

a. Contracts which detail that government-furnished material is to be provided to a contractor will set forth the types and in some instances the dates for delivery of such material to the contractor. In addition, the contract will contain a government property clause which defines the rights and obligations of the Government and the contractor with regard to the government-furnished material. Appropriate clauses are contained in ASPR, Section XIII, for various types of contracts.

b. Property clauses provide, in general, that title to material remains with the Government. Either Appendix B or C to ASPR, as applicable, is incorporated by reference in the clauses. The Government is not liable to the contractor for damages or loss of profit caused by delay in delivery of the material, but the contractor may make written request for an equitable adjustment in the terms of the contract as a result thereof. The Government also reserves the right to decrease the amount of material furnished to the contractor. Here, too, the contractor may request an equitable adjustment in the contract price therefor.

#### 206045. Property Returned Under the Guaranty Clause

With respect to property returned to a contractor under the guaranty clause of a contract, the property administrator shall insure that the contractor exercises property control procedures which are adequate to protect the Government's interest. Contractors shall be required to maintain a simple record by contract, setting forth a description of the items involved, the quantity returned to the contractor, the quantity the contractor has shipped back to the Government, pertinent

dates; and such other information as the contract requires (see 208134 regarding excess, rejected and missing supplies). Contractors' records shall be sufficiently documented to determine whether the property returned under the guaranty clause has been properly accounted for by the contractor. Quality assurance representatives may maintain such additional files as are required for inspection purposes.

206046. Rework, Overhaul, and Repair  
Contracts

Rework, overhaul, and repair contracts generally contain a government property clause. Inspection office personnel must examine such contracts to determine the applicability of Appendixes B or C and the other terms relating to government property and must administer the contracts accordingly.

## PART B. GENERAL PROVISIONS

Section 1. TOPICS INCLUDED (ASPR,  
APP B 200)

## 206110. Administrative Functions

Administrative functions with regard to government property provided to a contractor are performed by the contract administrator, the property administrator or the assistant property administrator, and by the contractor himself. Each has responsibilities for insuring that government property is satisfactorily used, maintained and protected. In this manner a system of checks is provided for the protection of the Government's interests in its property. This part sets forth certain of these responsibilities and describes methods by which physical and administrative control is maintained over government property, including requirements for segregating the property and taking physical inventories.

## Section 2. DUTIES AND RESPONSIBILITIES OF THE CONTRACT ADMINISTRATOR WITH RESPECT TO CONTROL OF GOVERNMENT PROPERTY (ASPR, APP B AND C 201)

## 206120. Responsibility for Compliance with Contract Provisions

a. The contract administrator has the overall responsibility for insuring that the contractor complies with the provisions of the contract relating to government property and the provisions of Appendix B or C of ASPR. Although the Inspector as the contract administrator may in unusual cases assume the additional duties of the property administrator, it is desirable that these functions be performed by separate personnel. In carrying out his responsibility, the contract administrator and his duly authorized representatives shall:

1. Familiarize themselves with the provisions of Appendixes B and C of ASPR; the provisions of the contract involved and the instructions in this chapter; and insure that such provisions and instructions are complied with.

2. Appoint property administrators and assistant property administrators.

3. Assure that adequate procedural controls and master property control files and records are established and maintained as provided herein.

4. Require the contractor to properly use and care for all government property.

5. Require the contractor to establish and maintain adequate procedural controls and records for government property.

6. Require the contractor to correct all deficiencies in complying with the provisions of the contract and the appropriate Appendix to ASPR.

7. Take action on recommendations of the property administrator; e.g., recommendations relating to usage, maintenance, and control of government property. Contractors' requests for deviations from the government property clause requirements shall be forwarded with appropriate recommendations to the contracting officer.

8. Make appropriate written reports concerning the contractor's liability for government property lost, damaged, destroyed, or unreasonably consumed in production.

9. Advise the military department auditor, at the point of redetermination of a contract, of the dollar value of industrial facilities, special tooling and material provided to the contractor by the Government under the contract, including that for which rent-free use has been authorized. In addition, advise the military department auditor of the estimated dollar value of the industrial facilities, special tooling and material to be provided to the contractor by the Government under the contract during the period from point of redetermination to completion of the contract. This applies also to special tooling acquired under provisions of the ASPR 13-504 special tooling clause for fixed price contracts which provide for redetermination. The contract administrator shall require the contractor to submit a list of all special tooling acquired or manufactured by him for use in the performance of the contract and shall verify that the items listed are in fact special tooling.

Section 3. APPOINTMENT OF PROPERTY ADMINISTRATOR AND ASSISTANT PROPERTY ADMINISTRATOR (ASPR APP B AND C 202)

206130. General Policies

It is the policy of the Department of Defense that government property at a contractor's location shall be administered by no more than one property administrator. This policy applies regardless of whether more than one military field contract administration activity is assigned as contract administrator at a contractor's plant. In such cases, negotiations shall be instituted to obtain a property administration interchange agreement whereby only one military contract administration activity will function as property administrator for all DOD contracts involving government property.

The above also applies to the administration of government property among Navy contract administration activities.

206131. Appointment of Property Administrator

→ A property administrator shall be appointed for each contractor by letter from the contract administrator addressed to the individual by name and designating him as property administrator for the contractor.

All contracts providing for government property at a given contractor's plant shall be assigned to the same property administrator. This is necessary to provide uniform, coordinated administration of government property by a given Navy inspection office. The number of contractors for which an individual may be appointed as property administrator will vary. Such factors as the type of contracts being administered (e.g., supply, cost type, facility), the dollar value and number of items involved, the geographic area to be covered, and the problems involved in contracts currently being administered must be weighed in making new assignments. A copy of each letter of appointment shall be filed in the master property control record file.

206132. Appointment of Assistant Property Administrator

→ a. When separate property accounts are to be established at a secondary site of a contractor, at a subcontractor's plant or at a lower tier subcontractor's plant, an assistant property administrator shall be appointed. Where practicable, the individual appointed as property administrator for contracts at a contractor's plant shall also be appointed to administer government property under subcontracts or lower tier subcontracts at the same plant. When the contract administrator for a contract is also cognizant of the contractor's secondary site, subcontractor, or lower tier subcontractor, where separate property accounts are to be established, he shall appoint an assistant property administrator to administer the government property at such locations. A copy of the letter of appointment shall be filed in the master property control record for the contract.

b. When the contract administrator is not cognizant of the contractor's secondary site, subcontractor, or lower tier subcontractor, where separate property accounts are to be established, he shall request the field representative cognizant of government property at the site to appoint as assistant property administrator. In the event that it is ascertained that another service exercises joint property administration at the site, the contract administrator will normally arrange directly with that service for the appointment. A Request for Source Inspection and/or Other Administrative Action, NAVEXOS 124 (Item 15), may be used to request the appointment of an assistant property administrator. A copy of the letter of appointment shall be filed in the master property control record for the contract.

206133. Change of Property Administrators and Assistant Property Administrators

→ When the contract administrator reassigns property administration responsibilities, he shall issue a letter listing the contracts or subcontracts involved and the names of the succeeding property administrator or assistant property administrator. This letter shall be issued to the present and succeeding property administrator. A copy shall be filed in the master property control record. The contractors concerned shall be advised of the change.

**Section 4. DUTIES AND RESPONSIBILITIES OF PROPERTY ADMINISTRATOR AND ASSISTANT PROPERTY ADMINISTRATOR (ASPR, APP B AND C 203)**

**206140. Property Administrator**

a. The property administrator is responsible, together with the contract administrator, for insuring compliance with contract provisions relating to government property, with ASPR, and with the procedures in this chapter. More specifically, the property administrator must:

1. Become familiar with the provisions pertaining to government property of contracts assigned to him.
2. Examine the contractor's property control procedures at the inception of the initial contract, in accordance with Section 2, Part C of this chapter, to determine whether government property will be correctly handled by the contractor. This includes determining whether the contractor's method of taking inventory, method of controlling scrap and salvage, and maintenance and utilization procedures are adequate for approval. If the contractor's property control system is determined to be adequate the property administrator shall approve the system in writing.
3. Insure that the type, scope, and frequency of physical inventory of government property is in accordance with Section 9 of this part, and require that a physical inventory be taken upon completion or termination of the contract.
4. Insure the preparation and coding of property record cards in accordance with Section 4, Part C, of this chapter.
5. Insure that a master property control file for each assigned contract is established and maintained, in accordance with Section 4, Part C of this chapter, and ascertain that up-to-date postings are made correctly.
6. Arrange for the identification of government property by the contractor, in accordance with Section 1, Part D of this chapter.
7. Insure that the contractor's maintenance program is adequate to protect the Government's interests and ascertain whether government property is,

in fact, being properly maintained. Conduct a maintenance and utilization check at least annually, in accordance with Section 4, Part D of this chapter.

8. Review the contractor's property control procedures and records at least semiannually to determine whether the status of government property is accurately reflected. Ascertain that the contractor's property control procedures as approved are in fact being followed, and whether the provisions of the contract and applicable directives are being complied with.

9. Perform usage analyses to determine the reasonableness of consumption of government material, in accordance with Section 3 of Part D.

10. Review the contractor's scrap and salvage procedures, and records relating thereto, in accordance with Section 5, Part D.

11. Prepare a report of all deficiencies noted and request that corrective action be taken by the contractor. Advise the contractor of rescission of an approval if deficiencies are not corrected within a reasonable time. Monthly inspection of deficient areas shall be conducted until the deficiencies are rectified.

12. Recommend to the contract administrator approval or disapproval of requests by contractors to deviate from the provisions of ASPR.

13. Advise the contract administrator of disagreements over property matters which cannot be resolved by the property administrator through conference with the contractor, and recommend steps for resolution of such disagreements.

14. Ascertain the extent to which the records, data, and reports of cognizant military department audit offices may be utilized in determining the adequacy of the contractor's property control systems.

15. Investigate and recommend to the contract administrator regarding contractors' liabilities in all cases of loss, damage, or destruction of government property.

16. Initiate corrective action when non-compliance with contract provisions,



other regulations, or abuse of government property becomes known. Where the corrective action would involve substantial increased costs, refer this action to the contract administrator.

17. Perform property administration for other military services when designated as the single property administrator for the contracts of the other service(s).

18. Insure, where government property is to be in the possession of a subcontractor, that the subcontract contains all provisions the contract specifically requires to be included.

19. Insure that contractors holding facilities contracts or lease agreements use such facilities only for purposes authorized in the contract or lease and that such contractors make payments to the Government in accordance with the contract or lease agreement terms.

20. Determine that all government property has been properly disposed of or accounted for upon completion or termination of each contract involving such property; insure that documentation from the disposal activity is contained in the file indicating the proper treatment of all sales proceeds from sales of government property and sign the final property clearance on the master property control record summary. See Part B regarding storage of metal-working equipment for mobilization use.

#### 206141. Assistant Property Administrator

a. Generally, the assistant property administrator performs the same functions with respect to subcontracts and the portion of the contract at contractors' secondary sites that the property administrator performs with respect to contracts. However, the contract administrator for the contract maintains over-all administrative responsibility for government property provided under the contract, including property in the possession of subcontractors and lower tier subcontractors or at contractors' secondary sites.

b. Some of the major functions of the as-

sistant property/administrator are as follows:

1. Performs an initial review of the property control system, maintenance system, scrap and salvage procedures, and inventory system of the subcontractor or secondary site of the contractor.
  2. Performs a semiannual review of the property control system.
  - 3. Performs an annual maintenance and utilization check.
  - 4. Performs annual usage analyses.
  5. Insures that proper inventories are taken.
  6. Insures that the subcontractor advises the contractor of government property which has become excess.
  7. Establishes and maintains a master property control file for each subcontractor or contractor's secondary site in accordance with Section 4, Part C of this chapter.
  8. Upon completion or termination of the subcontract or the portion of the contract performed at the contractor's secondary site, determines and reports to the property administrator when all government property in the subcontractor's possession or at the contractor's secondary site has been disposed of or accounted for.
- c. In the performance of the functions described in b.1 through 8, the assistant property administrator reports to the property administrator on an exception basis; that is, he reports the results of the reviews, checks, analyses, and inventories performed only when significant failures or uncorrected deficiencies are disclosed or whenever it is necessary to instruct the contractor to take remedial action with regard to the use or control of government property at the subcontractor's secondary site.
- d. Additional responsibilities of the assistant property administrator with regard to industrial facilities are set forth in Section 4, Part C of this chapter. Special procedures to be followed by the assistant property administrator when government property in the possession of subcontractors is lost, damaged or

destroyed are set forth in Section 2, Part D of this chapter.

#### Section 5. RESPONSIBILITIES OF THE CONTRACTOR (ASPR, APP B 204)

##### 206150. Responsibilities Under the Terms of the Contract

The primary responsibility for controlling government property rests with the contractor. His over-all responsibilities are set forth in paragraph 204 of Appendix B and paragraphs 301 and 303 of Appendix C of ASPR. He must use government property only for the purposes spelled out in the contract. He must maintain the records required by Appendix B or C of ASPR, as applicable, and he remains accountable for government property until relieved of responsibility in accordance with the provisions of the contract and of ASPR. Government property provided under the contract and located as a subcontractor's plant remains the contractual responsibility of the contractor unless transfer of responsibility is authorized by the contracting officer. In the absence of transfer of responsibility, such property must be protected, preserved, maintained, and accounted for in accordance with the terms of the contract and applicable regulations. More detailed responsibilities of the contractor are set forth in other sections of this chapter.

#### Section 6. GENERAL INFORMATION LETTER (NAVEXOS 4360)

##### 206160. Requirement and Purpose

a. A General Information Letter, NAVEXOS 4360, will be sent to the contractor when a property administrator is initially appointed. The purpose of the General Information Letter is to advise the contractor of his responsibilities under ASPR regarding government property and to request the contractor to submit the following information:

1. The property control records used by the contractor.

2. The names and signatures of contractor personnel authorized to receipt for government property where required in accordance with 206321.b.

3. The subcontracts which will involve government property, including the types of subcontracts and the specific authority which permits government property to be in the possession of the subcontractor.

b. A sample General Information Letter is set forth on page 6-14.

##### 206161. Exceptions to Use of General Information Letter

When a contractor has previously received a General Information Letter and his property control system is considered adequate for a newly awarded contract, another General Information Letter shall not be sent to him. If, however, upon subsequent review the contractor's property control system is determined to be inadequate the property administrator shall advise the contractor of the inadequacies and request the contractor to make any changes required to protect the government's interest.

##### 206162. Information Letter Relating to Special Tooling Clause ASPR 13-504

Where a fixed price contract for supplies or services contains the Special Tooling clause set forth in ASPR 13-504, an Information Letter-Special Tooling (NAVEXOS 4550/2), set forth on page 6-15, shall be sent to the contractor with regard to such tooling in lieu of the General Information Letter NAVEXOS 4360.

#### Section 7. SOURCES FROM WHICH GOVERNMENT PROPERTY MAY BE FURNISHED OR ACQUIRED (ASPR, APP B AND C 205)

##### 206170. General Information

There are several sources from which government property may be provided to

IN REPLY REFER TO:

Gentlemen:

Appendix B or C of the Armed Services Procurement Regulation, which has been incorporated in your contract \_\_\_\_\_, obligates you to maintain an adequate property control system for all government property. The applicable appendix also requires the property administrator, as the authorized representative of the contract administrator, to insure compliance with the contract provisions relative to government property, including inspection and approval as to the adequacy of the records and procedures maintained. Appendixes B and C of the Armed Services Procurement Regulation may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402.

It is requested that a description of the type and scope of records and a copy of written property control procedures maintained by you be forwarded to this Office, if not previously submitted. This will assist the property administrator in reviewing these records and procedures with the least inconvenience to you. Arrangement for an inspection of your property control system will be made at a later date.

In the event government property will be provided to subcontractors under the above contract, it is requested that you note your responsibility for this property. In regard thereto, please advise this Office of the names and addresses of the subcontractors, subcontract or purchase order numbers, and types of subcontracts (cost or fixed price).

If upon receipt of government-furnished property, inspection divulges overages, shortages, or damages to it, please notify this Office immediately.

This Office is pleased to offer advisory assistance to those contractors who desire it. All inquiries pertaining to receipt, recording, identification, maintenance, modification, and disposal of government property, furnished or acquired, may be made by telephoning the property administrator, \_\_\_\_\_, at \_\_\_\_\_.

Very truly yours,

GENERAL INFORMATION LETTER  
ON PROPERTY ADMINISTRATION  
NAVEXOS-4360 (REV 11-61)

In Reply Refer to

Gentlemen:

Your attention is invited to contract \_\_\_\_\_ placed with your company and in particular to the Special Tooling Clause (ASPR 13-504) contained therein. Paragraphs (h) and (k) of this clause require that the contractor and subcontractors maintain property control records and to the extent practicable, identify by appropriate tag or stamp all special tooling subject to the clause.

Within 60 days after delivery of the first production end items under this contract or at such later date as may be prescribed by the Contracting Officer, the Contractor shall upon specific request of the Contracting Officer, furnish the Inspector an inventory listing of all special tooling acquired or manufactured for use in performance of this contract.

Upon completion or termination of this contract or other Government contracts and subcontracts for which approval has been granted to use the tooling, a final inventory list of items shall be forwarded to this Office in duplicate on Inventory Schedule D (dies, jigs, fixtures, etc., and special tools) DD Form 545. Items of special tooling shall be identified to the product, part or service for which used or designed.

The inventory is to include any special tooling acquired by subcontractors where the full cost of such tooling has been charged to the subcontract and in turn charged to the subject contract.

Your cooperation in furnishing accurate and complete inventories will be appreciated.

Very truly yours,

NAVEXOS-4550/2 (REV 7-63)  
INFORMATION LETTER—SPECIAL TOOLING

C-6262



a contractor: Government property may be furnished to a contractor from military installations or other Government contractors' plants. It may also be acquired by direct purchase by the contractor for the account of the Government, or by withdrawal from contractor-owned stores for direct charge to a Government contract. The Government may acquire property under specific contractual provisions, as a result of termination of a contract, or pursuant to change orders issued under a contract. Paragraph 205 of Appendixes B and C of ASPR contains information regarding the time when title to property passes to the Government.

Section 8. SEGREGATION OR COMMINGLING OF GOVERNMENT PROPERTY AND CONTRACTOR'S PROPERTY (ASPR, APP B 206 AND APP C 210 AND 308)

206180. Importance of Maintaining Adequate Controls

In order to maintain adequate control over Government property in the possession of contractors, it is usually necessary to segregate it from contractor-owned property at all times. This is the general policy of ASPR set forth in Paragraph 206 of Appendix B and in Paragraphs 210 and 308 of Appendix C. Segregation is particularly important with regard to material and minor equipment which can easily lose their identity as Government property when commingled with similar items belonging to the contractor. At the outset of the contract, the Property Administrator must review the contractor's property control procedures to insure that adequate provision for segregation of Government property will be made. However, there are situations in which commingling of property may be advantageous to the Government, such as in the instances described below:

1. Where a production line is engaged solely in Government work, contractor and Government special tooling and plant equipment may be commingled. Normally no approval is required in this case, but the Property Administrator may prohibit such commingling if it is contrary to the best interests of the Government. The Property Administrator should, however, note these facts in his property control review report whenever such commingling occurs.

2. Where Government-furnished special tooling or plant equipment is held in storage by a contractor pending future use or shipment, the Property Administrator may give permission in writing for commingling with contractor property after insuring that such Government property has been appropriately identified in accordance with Section 1, Part D of this chapter.

3. When a production line is simultaneously engaged in Government work and contractor work and segregation would materially defeat the purpose of a production line, process, or experiment, commingling of material-in-process may be allowed. Before the Property Administrator allows such commingling, the contractor's material issue control procedures should be determined to be adequate. Consideration should also be given to the effect which segregation would have on the cost of the end item produced.

4. When Government-owned material, specifically identified and marked as being Government property, is held in storage by a contractor for use under a Navy contract and segregation is not feasible for such reasons as small quantities, lack of storage space, and increased end-item cost caused by additional handling, commingling may be allowed.

5. When Government-owned material is issued in units which are controllable by a ratio of material issued to end items produced and the rate allows for spoilage, scrap or bad material, commingling may be allowed. To allow commingling under these circumstances the material issue control procedures and production reports of the contractor must be determined to be adequate to maintain the required control.

6. Commingling may be allowed on research and development contracts when approved by the Property Administrator.

7. Commingling will also be allowed when authorized by the contract or when the approval of the Contracting Officer is obtained. No approval of commingling, such as those mentioned above, authorizes the use of such Government property in the performance of non-Government work.

8. Commingling may be allowed only after all Government property involved has been identified in accordance with Section 1, Part D.

Section 9. PHYSICAL INVENTORIES  
(ASPR, APP B 207, APP C 211,  
309)

206190. Requirements for Physical  
Inventories

a. Periodic physical inventories of Government property in the possession of contractors are necessary for the Navy to maintain adequate control over such property. Taking inventory consists of sighting, tagging, describing, recording, and reporting the property concerned. Upon completion of the inventory, a reconciliation between the list of items recorded during the inventory and the contractor's inventory records is made.

b. Appendixes B and C of ASPR provide that the Property Administrator shall review and approve the type and frequency of physical inventories to be taken by the contractor. In addition, an inventory must be taken upon termination or completion of each contract. The policy of the Navy is that Property Administrators shall require contractors to physically inventory industrial facilities, including minor plant equipment and special tooling as frequently as they inventory their own, but not less frequently than triennially. Property Administrators shall require contractors to inventory material as frequently as they inventory their own, but not less frequently than annually. However, the contract administrator may require that a physical inventory of Government property be taken at any time during the life of the contract to protect the interests of the Government.

c. Physical inventories of Government property serve several purposes. The information gained from physical inventories is used to verify and reconcile inventory records with the Government property actually on hand at the contractor's plant. Losses or gains of property are thereby uncovered. The inventory may reveal obsolete items which should be disposed of or quantities of items excessive to contractual requirements. Information gained further provides a basis for the taking of definite corrective action by Government and contractor personnel.

206191. Methods of Taking Inventory

There are two basic methods of taking

physical inventories: the periodic inventory and the continuous inventory (sometimes referred to as a cycle inventory). A description of the two methods follows:

1. Periodic Inventory. The periodic inventory is an actual counting and listing of property in the plant at a given time. Such inventory is generally conducted by sighting all property in a given area without reference to any records. A serially numbered tag and stub which indicate date of inventory, quantity, and by whom inventoried is attached to the item. In addition, a brief description of the item and, where applicable, the identification number are entered on the stub. These stubs are then detached and used to reconcile the contractor's records to the physical count. This method provides a means of detecting all unrecorded items. This type of inventory usually is conducted once or twice a year, and production is usually halted while the inventory is being taken.

2. Continuous Inventory. A continuous inventory consists of a physical count of a certain number of items at specified intervals, e.g., a day, a week, etc. It is often used for classified, readily pilferable, and easily spoiled items which require frequent checks. There are two commonly used methods of taking a continuous physical inventory:

(a) Under one method, a group of items are counted at each specified inventory time in accordance with a prearranged order, and the results are noted on an inventory verification form which is then checked against the official record. If they agree, this fact is recorded on the records. If they do not agree, a recount is made; if an error still exists, it is called to the attention of appropriate supervisory personnel for investigation and decision. Every item must be checked at least once each year, and preferably two or three times a year.

(b) Under the second method, whenever the reorder point for an item is reached, an inventory verification is requested before writing the purchase or production order requisition. When this method is followed, it is generally necessary to make a special end-of-the-year count on all those items not verified throughout

the year, such as slow-moving items and items received and not recorded.

#### 206192. Determining Type and Frequency of Inventories

The type and frequency of physical inventories needed to maintain adequate control over the property involved may vary with the individual contracts being administered. In determining the type and frequency of inventories, the property administrator must weigh such factors as the number of government property items made available to the contractor, the monetary value of the property, and the dependability of the contractor in maintaining property records. After the appropriate inventory procedures have been approved, the property administrator must insure that they are effectively applied during the life of the contracts.

1. Type of Inventory. The inventory may be a joint physical inventory taken by the property administrator and the contractor's representative; or it may be a selective check of the inventory taken by the contractor, when that method has been determined to be more economical and will protect the interests of the Government. A selective check should include, by class of item and price range, a representative number of items of the government property being used by the contractor.

2. Frequency. Generally, a triennial inventory of industrial facilities including minor plant equipment and special tooling will be sufficient for these categories of property. Also, an annual inventory of material will generally be adequate for control purposes. Aside from the fact the contractor may inventory his own property more frequently than these periods and therefore would be inventorying the government property also, there will be occasions when the property administrator should require the contractor to inventory government property more frequently than is the general rule. The frequency with which inventories are conducted should be based on the kind of property involved and the conditions under which such property is utilized or consumed by the contractor. For example, when contractors' property control procedures are considered inadequate,

the contract administrator may prescribe more frequent inventories to protect the Government's interests. However, every effort should be made toward improving the contractors' property control systems prior to accelerating the inventory frequencies. Another example is where large quantities of government property are provided to a contractor. Frequent counts may be required to uncover losses, reconcile records, establish new balances, and take measures to correct deficiencies. The inventory requirement may be waived in certain instances, as when government property held in stock is controllable by a ratio of issues to end items produced, or when quantities in stock are small, the monetary value of such property is nominal, or the government property is issued directly to the job upon receipt. Sufficient control can usually be exercised over government property in such instances by sighting it during one of the periodic checks. In no case does a waiver of physical inventory relieve the contractor of his responsibilities or liability pursuant to the terms of the contract. Where many items are consumed in production, a continuous inventory may be in order. In cases of small but costly items, daily inventories may be appropriate. Where deficiencies in the contractor's inventory procedures are found, they shall be explained to the contractor for appropriate corrective action.

3. Approval of Contractor's Inventory Procedures. Because physical inventories are one of the basic controls over government property being used by a contractor, specific written approval by the property administrator of the contractor's inventory procedures is required. After reviewing the contractor's inventory procedures and determining the type and frequency of inventories required, the property administrator shall either approve or disapprove these procedures. The property administrator's written approval should usually be included in the letter of approval of the contractor's property control system.

#### 206193. Contractor's Inventory Report

Upon completion of a physical inventory and reconciliation of it with the contractor's accounting records, the contractor shall provide the property administrator, within a reasonable time, a



report containing the following information:

1. Inventory accuracy in percent computed as follows:

Add the total number of units short to the total number of units over. Divide the sum by the total number of units inventoried and multiply by 100. Subtract the resulting percentage figure from 100%.

2. The total number of items and total dollar value for each category of government property provided under each contract.

3. A list of the discrepancies revealed, containing the following information:

(a) Contract number(s) applicable.

(b) Categories of government property affected, as follows:

(1) plant equipment (including identification number),

(2) minor plant equipment (including identification number if any),

(3) special tooling (including identification number if any),

(4) material,

(5) quantities of each item (applicable to each contract),

(6) value.

206194. Actions to be Taken by the Property Administrator on Contractor Inventory Discrepancy Report

a. Industrial Facilities

1. Items of industrial facilities listed as overages on the inventory discrepancy

report shall be verified to the extent practicable to be government property and then shall be added to the property account as "Gains by Inventory." Items of industrial facilities listed as losses on the inventory discrepancy report shall be processed in accordance with 206324.

2. The contractor's inventory discrepancy report lists only the discrepancies between the contractor's records and the physical status of the property. It does not necessarily reveal discrepancies between the contractor's records of industrial facilities and similar records maintained by the accountable activity. These records shall be reconciled by the property administrator in accordance with procedures in paragraph 206245.m.

b. Special Tooling. Items of special tooling listed as overages on the inventory discrepancy report shall be verified to the extent practicable to be government property and then shall be added to the property account as "Gains by Inventory." Items of special tooling listed as losses on the inventory discrepancy report shall be processed in accordance with 206324.

c. Material. ASPR B-207.5 and C-211.5 provide for the adjustment of discrepancies divulged as a result of taking a physical inventory. ASPR B-402.2(b) and C-203(f) provide for a determination by the property administrator of the reasonableness of inventory adjustments that must be made by the contractor as a result of taking a physical inventory and contain the procedure to be followed where inventory adjustments indicate an unreasonable consumption of government-owned material. The property administrator shall review the contractor's list of discrepancies of material, approve adjustments to his records where such adjustments are considered reasonable, and advise the contractor of

this determination, a copy of which shall be retained in the master property control record. The property administrator should determine the causes of discrepancies where they are numerous and require the contractor to correct these causes. Discrepancies caused by posting errors should not be considered as actual overages and shortages.

1. Overages. Items of material listed as overages shall be verified to the extent practicable to be government property and then shall be added to the property account as "Gains by Inventory."

2. Shortages. Items of material listed as shortages shall be verified to the extent practicable to represent actual losses and where the shortage is considered reasonable, the property administrator shall approve the necessary adjustments to the contractor's records as authorized above. Where shortages are considered unreasonable, action shall be taken in accordance with 206324. The following factors, among others, shall be considered in determining the reasonableness of inventory adjustments where shortages are involved:

(a) The dollar value of the shortages as compared to the total dollar value of the inventory of government-owned material.

(b) The number of line items of material which makes up the shortages compared to the total number of line items of the inventory of government-owned material.

(c) The volume of transactions. This area should be carefully

examined since it may prove adjustment reasonable in view of the transactions involved.

(d) Concentration of shortages among a few line items as compared with a spread of discrepancies.

(e) Previous experiences concerning the items in question.

(f) Comparison with commercial experience with similar items.

d. Other Action. When government property is disclosed to be in the possession of the contractor without contractual coverage, or when unauthorized use of government property is disclosed, the property administrator shall take immediate action in accordance with the facts of the situation. Property record card adjustments shall be made as required. Paragraph 206323 is applicable with regard to contractors' responsibilities for lost, damaged or destroyed government property and 206325 with regard to unauthorized use of government property.

#### 206195. Action Upon Completion or Termination

a. Upon notification of contemplated completion or termination of a contract or subcontract, or upon receipt of information that government property is no longer needed for use under the contract or subcontract, the property administrator shall initiate prompt disposal action. The initial disposal action shall consist of a request for the contractor to take a physical inventory and to prepare and promptly submit inventory schedules adequate for screening and disposal purposes in accordance with Chapter 11. In the event of termination, the

**CERTIFICATION OF PROPER USAGE AND DISPOSITION OF GOVERNMENT PROPERTY**

NAVEXOS 4353

TO

CONTRACT OR SUBCONTRACT

FROM (Contractor or Subcontractor)

ADDRESS

The undersigned, as an authorized representative of the contractor or subcontractor, certifies that a physical inventory has been conducted for all government property provided for and not consumed in the performance of the above-mentioned contract or subcontract nor heretofore delivered to the Government, and disposition of all such property has been accomplished as directed by the contracting officer.

The undersigned further certifies that, except as noted below, all government property provided for use in this contract or subcontract has been returned in the same condition as when provided, except for reasonable wear and tear, and except to the extent that such property was reasonably consumed or expended in performance of this contract or subcontract.

SIGNATURE

TITLE

DATE

H-37781

Certification of Proper Usage and  
Disposition of Government Property, NAVEXOS-4353

this determination, a copy of which shall be retained in the master property control record. The property administrator should determine the causes of discrepancies where they are numerous and require the contractor to correct these causes. Discrepancies caused by posting errors should not be considered as actual overages and shortages.

1. Overages. Items of material listed as overages shall be verified to the extent practicable to be government property and then shall be added to the property account as "Gains by Inventory."

2. Shortages. Items of material listed as shortages shall be verified to the extent practicable to represent actual losses and where the shortage is considered reasonable, the property administrator shall approve the necessary adjustments to the contractor's records as authorized above. Where shortages are considered unreasonable, action shall be taken in accordance with 206324. The following factors, among others, shall be considered in determining the reasonableness of inventory adjustments where shortages are involved:

(a) The dollar value of the shortages as compared to the total dollar value of the inventory of government-owned material.

(b) The number of line items of material which makes up the shortages compared to the total number of line items of the inventory of government-owned material.

(c) The volume of transactions. This area should be carefully examined since it may prove the adjustment reasonable in view of the transactions involved.

(d) Concentration of shortages among a few line items as compared with a spread of discrepancies.

(e) Previous experiences concerning the items in question.

(f) Comparison with commercial experience with similar items.

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A Certification of Proper Usage and Disposition of Government Property (see NAVEXOS-4500/2 set forth on page 6-92b) must be submitted by a duly authorized representative of the contractor upon completion of the contract. The Property Administrator shall not close out the Master Property Control Record for the contract until the Certification of Proper Usage and Disposition has been received and placed therein.

b. Review of Inventory Schedules by the Property Administrator. The property administrator, as necessary, shall compare copies of the inventory schedules with the contractor's records and, if applicable, the established Master Property Control Records, to assure that all government property received by the contractor is reported or has been properly consumed in performance of the contract. Care should be taken to relate the reported condition of each line item of plant equipment to the condition shown on the property record card. The condition of

minor plant equipment and special tooling should be related to its condition when initially received by the contractor. The Property Administrator shall sign the Master Property Control Record copy of each schedule indicating he has reviewed such inventory in accordance with the instructions contained herein.

c. Reporting Shortages and Losses. Excessive wear and tear, shortages, and losses shall be reported to the contractor, and the contractor will be held accountable in accordance with 206324.

d. Reporting Special Tooling. When special tooling is reported, the Property Administrator shall insure that it is not an end item of the contract. Such special tooling shall be listed on a DD Form 250, pursuant to Chapter 7 of this Volume. Lists of special tooling acquired under a special tooling clause for fixed price contracts (ASPR 13-504) shall be forwarded directly (with appropriate cover letter) to the cognizant Navy bureau. Since a de-termination must be made by the cognizant bureau whether title to such tooling will be taken by the Government, Standard Form 120 and automatic release date provisions are not applicable.

## PART C. RECORDS TO BE MAINTAINED

Section 1. GENERAL (ASPR, APP B  
301 AND C 207.1)206210. General Policy with Regard to  
Records

The general policy of the Navy with regard to records of government property in the possession of contractors is as follows:

1. The contractor is obligated to maintain adequate property control records which are designated and utilized as the official contract records. Navy personnel shall not duplicate the contractor's official records but shall maintain records for administrative control and surveillance in accordance with paragraph 303 of Appendix B or paragraph 213 of Appendix C of ASPR, and Section 4 of Part C of this chapter.

2. Acceptance of the contractor's records as the official contract records is based upon review of the contractor's property control system.

206211. Exceptions to the General  
Policy with Regard to Records

a. Exceptions to the general policy stated above may be authorized by the contract administrator (unless otherwise specified by the contracting officer) in accordance with the following methods:

1. Waiver of Review of Contractor's  
Property Control System

When the total acquisition value of all government property at a contractor's plant averages less than \$2,500 monthly, the contract administrator may waive a review of the contractor's property control system. The following factors shall be considered before waiving a review:

(a) Acquisition value of government property.

(b) Categories of government property.

(c) Frequency of turnover of government property.

(d) Whether government-furnished or contractor-acquired government property.

(e) Quantity (itemwise) of government property.

(f) Nature of the government property (easily pilferable; of high value per unit; in scarce supply).

When a waiver of a review of the contractor's property control system has been granted by the contract administrator, the property administrator shall request a statement from the contractor on the Statement of Compliance Letter, NAVEXOS 4360/1, that his property control records and procedures are in accordance with the requirements of the contract and of ASPR, Appendixes B or C as appropriate. Based upon this statement and under these conditions, the contractor's records may be designated as the official contract records. NAVEXOS 4360/1 is illustrated on Page 6-24b.

2. Maintenance of Official Records  
by Property Administrator

The maintenance of the official government contract records generally shall be undertaken by the property administrator only where the contractor's property control system has been disapproved and it is necessary to assume this task in order to protect the Government's interests. This method may also be used where the criteria for a "waiver of review" apply, but reliance on the contractor's statement of compliance with the contract and ASPR requirements is considered insufficient to adequately protect the interests of the Government.

b. When exceptions to the general policy are in order, a "waiver of review" of the contractor's property control system will usually be found more economical and otherwise more advantageous to the government than to have the property administrator maintain the official records. Neither of the above exceptions shall be construed to relieve the contractor of his responsibility for properly maintaining and using the government property in accordance with the terms of the contract. Periodic maintenance and utilization examinations and usage analyses shall be performed under the above exceptions when considered necessary to serve the best interests of the government.

Section 2. REVIEW AND APPROVAL  
OR DISAPPROVAL OF CON-  
TRACTOR'S PROPERTY  
CONTROL SYSTEM AND  
PROCEDURES (ASPR, APP  
B 301)

206220. Importance of and Requirements  
for Review

- a. At the inception of the initial contract under which government property is provided, the contractor's property control system and procedures shall be approved or disapproved in writing by the property administrator. Any necessary corrective action will be required of the contractor prior to approval. Prior to disapproving any contractor's property control system, the property administrator should endeavor to secure satisfactory property control records and procedures.

The performance of a review generally consists of two elements:

1. A review of the contractor's written property control procedures to ascertain that they meet the requirements of ASPR, Appendixes B or C, as applicable, and the terms of the contract.

2. A visit to the contractor's plant to ascertain if the contractor's actual property control practices are in accordance with his written procedures.

b. The importance of a well-conducted review and a proper determination of the adequacy of the contractor's property control system cannot be overemphasized; it makes clear to the contractor the importance of his compliance with all contract requirements; helps him to meet these requirements; and facilitates subsequent property administration. In reviewing contractor's property control procedures, the property administrator shall determine whether or not multiple property administration exists at the plant; if so, he will arrange for the designation of a single service property administrator pursuant to 206134.

206221. Scope of Review

a. The scope of each review should be sufficiently comprehensive to permit a determination of the adequacy of the contractor's property control system for the

property provided under the contract. All pertinent requirements contained in ASPR Appendixes B or C, as applicable, in contract(s), and in this chapter must be reviewed. This not only involves consideration of specific phases of the contractor's property control system but also an analysis of the adequacy of the system as an operating whole. Compliance with specific requirements cannot be considered independently of the contractor's organizational structure, the type and size of his business, and his system of internal checks and controls with regard to property matters.

b. In performing a review, the property administrator shall require the contractor to furnish all applicable written instructions pertaining to internal property control procedures. If adequate written procedures are not furnished by the contractor, the property administrator shall prepare a summary of the contractor's property control procedures on Form NAVEXOS 4394, Contractor's Property Control System Check List. The extent of the details of the summary will be dependent upon the same factors used in determining the scope of the review set forth below and shall adequately depict the contractor's functional operations necessary to control the government property provided. The property administrator shall familiarize himself with these procedures and shall check to determine that they are being followed by all contractor personnel responsible for taking action. This summary shall then be used by the property administrator for analysis, in lieu of the contractor's written property control procedures, to determine the adequacy of the contractor's property control system.

c. On the other hand, a review should not be broader than is necessary to protect the Government's interest in the particular property involved. Sound planning and analysis of the contract must precede the review. Such factors as the following are to be considered in planning for the review and determining its scope:

1. the type, quantity, and value of government property to be provided under the contract;

2. the method of procurement (whether government-furnished or contractor-acquired, or both);

3. The amount of commercial activity being conducted by the contractor;

4. the anticipated life of the contract;

5. whether or not storage and subsequent issue are involved or whether the property will be issued to the job directly upon receipt;

6. whether any deviations are authorized in the contract;

7. whether or not a stated quantity of items must be produced with a stated

amount of material to be furnished to or acquired by the contractor.

d. When the initial review was made less than two years prior to the current review it will not be necessary to perform the current review to the scope and depth of the original review unless present circumstances indicate such action is necessary. Instead a selective review shall be performed using NAVEXOS 4394A. Where a selective review is made, the property administrator shall insure that the scope of his examination is specified at least to the approximate percentages of documents reviewed. Where the elements of information have been covered in other reports prepared during the period, specific reference may be made to such reports.



In reply refer to:

TO: [

L

Instructions: Use to waive review of contractor's property control system. Send an original and 1 copy to the contractor ONMINST. 5000.3, Par. 206211 applies.

CONTRACT NUMBER

NAME AND PHONE NUMBER OF PROPERTY ADMINISTRATOR

Gentlemen:

Appendix B or C of the Armed Services Procurement Regulation, which has been incorporated in your above indicated contract, obligates you to maintain an adequate property control system for all government property. The applicable appendix also requires the Property Administrator, as the authorized representative of the Contract Administrator, to ensure compliance with the contract provisions relative to Government property. Appendixes B and C of the Armed Services Procurement Regulation may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington, D.C.

It is requested that you provide the Property Administrator with a statement of compliance with the requirements of Appendix B or C by signing one copy of this letter in the space indicated below, and returning it to this Office. Upon receipt of the signed copy, your records will be considered the official contract records unless or until notified of any change in status.

In the event Government property will be provided to subcontractors under the above contract, it is requested that you note your responsibility for this property. In regard thereto, please advise this Office of the names and addresses of the subcontractors, sub-contract or purchase order numbers, and types of subcontracts (Cost or Fixed Price).

If upon receipt of Government furnished property, inspection divulges overages, shortages, or damages to it please notify this Office immediately.

This Office is pleased to offer advisory assistance to those contractors who desire it. All questions pertaining to receipt, recording, identification, maintenance, modification, and disposal of Government property furnished or acquired, may be referred to the above Property Administrator.

Very truly yours,

CERTIFICATE OF COMPLIANCE

It is certified that Government property control records and procedures will be established and maintained in accordance with the requirements of the appropriate Appendix of the Armed Services Procurement Regulation.

SIGNATURE AND TITLE

DATE

STATEMENT OF COMPLIANCE LETTER

NAVEXOS-4360/1 (6-62)

Statement of Compliance Letter NAVEXOS-4360/1 (6-62)

206222. Criteria Regarding New Reviews  
For Subsequent Contracts

After approval of the contractor's property control system each newly awarded contract will be reviewed to assure that the approved property control system is appropriate and adequate under conditions created by the new contract. Notation will be made in item 22, Master Property Control Record Summary, NAVEXOS-4340/1 that the required review has been conducted, but written notification need not be furnished the contractor unless the system is considered inadequate due to conditions created by the new contract. If such is the case, the contractor will be notified, in writing, by the property administrator that the previously approved system will not be applicable to the new contract until the inadequacies found to exist are corrected. For example, if only government property was provided a contractor under prior contract(s) and the contractor is to acquire property for the account of the Government under the new contract, purchasing and other procedures relating only to contractor-acquired property which were not considered on the prior review must be reviewed under the new contract. The amount and categories of government property provided under subsequent contracts may be altered to the extent that exceptions to the general policy, such as "waivers of review" or maintenance of the official records by the property administrator, are no longer applicable. If this should be the case, the actions taken under the exceptions should be revoked and a property control procedural review accomplished. All relevant changes in the contractor's procedures or practices which have occurred since the prior review and which have not been evaluated by the property administrator must also be ascertained and reviewed. As a means of identifying such changes, the property administrator shall request the contractor to submit, in writing, all changes made in his property control records and procedures since the earlier review.

## 206223. Importance of Military Department Audit

a. The military department auditor audits the property control records of the property administrator. He also performs audits of the contractor's internal controls and accounting system for cost reimbursement and other contracts containing repricing provisions. The auditor can be of direct assistance to the prop-

erty administrator in reviewing a contractor's property control records and procedures. Assistance of the auditor may be requested in cases where the dollar value of contractor-acquired property is large or the contractor's financial control accounts are complex. In other cases, the property administrator should check with the cognizant military department audit office to determine what information is available concerning the contractor's property control system.

b. Auditors' surveys of contractors' internal controls and accounting practices include analyses of functions important to property administration, such as review of purchasing; material receiving and inspection; inventory control; and processing of vendor's invoices. Careful examination and discussion of such surveys with auditors may reveal the strong and weak areas in the contractor's system and thereby indicate areas to be emphasized in the property administrator's review.

206224. Functional Operations Involved  
in Controlling Government  
Property

a. Although contractor's organizations differ, the following functional operations are usually involved in controlling government property:

1. receiving mail and initial distribution of documents to units of the contractor's organization;
2. purchases of property;
3. unloading of property;
4. receiving of property;
5. physical inspection of property;
6. marking and identification of property;
7. storage of property;
8. issues of property;
9. maintenance and utilization of property;
10. records of property;
11. physical inventories of property;
12. scrap and salvage;
13. dispositions of property;

14. payment for property.

In reviewing these functions, the property administrator should determine: (1) the business documents used in their performance; (2) the control purpose for the documents used; and (3) the division of responsibilities among contractor personnel for carrying out the functions. The methods and degree of departmentalization of functions will vary with different contractors. Large contractors generally require strict departmentalization to insure accountability for the accomplishment of all the functions. Small companies generally require less departmentalization, as control by management over the details of the business is more immediate and less complex. However, the interests of the Government to be protected with regard to a particular type of transaction and with regard to the different types of government property do not vary with the size of different businesses. With all contractors, there must be a system of internal checks and balances sufficient to provide internal control to safeguard the property. This is usually accomplished by such division of duties and responsibilities that no one person handles all phases of a transaction or exercises sole control over an item of property and the records for it. Any organization of two or more people can so assign its functional responsibilities so as to provide a significant degree of internal checks. As the number of employees increases, with a resulting refinement in division of duties, a greater number of checks can and should be developed. The following examples of divisions of functions and the use of supporting documents are considered to be sound business practice. These examples, however, are only illustrative, and the property administrator should exercise his well considered judgment in evaluating each contractor's business practices in the light of the firm's own organization. When evaluating the contractor's property control procedures, the property administrator should keep in mind that the contractor's procedures may be the result of years of experience in the conduct of his particular enterprise, and may produce results which, in the final analysis, are equally as satisfactory as those which would be accomplished by other theoretically preferable procedures. The property administrator should not suggest or require changes merely to meet his own personal preferences. Recommendations for changes should be made only after weighing the costs involved against the benefits to be derived.

1. Purchasing Department. Purchasing should generally be performed separately from receiving, storing, recording, and paying for purchases. Requests for purchases should be supported by purchase requisitions signed by specifically authorized personnel and should be for only those categories of property authorized in the contract. Copies of each purchase order are normally sent to the receiving department to notify it to expect the items and to the accounting department to notify it of the purchase commitment. Purchase orders should instruct vendors to indicate the purchase order number on all shipping documents, invoices, and correspondence relating thereto. When the vendor's invoice is received, it is usually checked against the purchase order and a receiving report prepared to insure that discrepancies do not exist. A copy of the invoice should be sent to accounting.

2. Receiving and Inspection Department. Receiving and inspection are normally an independent function. When items are received, they should be inspected for quality and quantity (see 206321.a.2). A receiving report should be prepared showing what has been received and should be signed by the person who inspected and counted the items. Copies of the receiving report are then generally sent to the purchasing, stores, and accounting departments. In the purchasing department, the receiving report is checked against the purchase order to make sure that the quantity and quality of items received are the same as were ordered and to permit the adjustment of discrepancies.

3. Stores Department. The stores department is responsible for the physical custody of items received. Items sent to the stores department from receiving should be accompanied by a copy of the receiving report. This enables stores personnel to check the number of items received in stores against the quantity shown on the receiving report. Signed receipts by storeroom personnel for all items received into stores are an additional check affixing responsibility. Sound stores procedure also requires that the number of employees having permission to enter the storeroom be kept to the minimum and that there be an orderly and efficient storage system

with no unnecessary handling. Items should be issued from stores only upon written order from duly authorized personnel which are usually called material requisitions or stores requisitions. All transactions for both incoming and outgoing items should be posted to a stores record. There should normally be in existence a procedure providing for periodic physical count of goods on hand as a check on the accuracy of the stores record. It should also be generally required that all adjustments of stores records be authenticated and approved by an independent official.

4. Accounting Department. Generally, the accounting department maintains control accounts for property in the possession of the contractor. This provides a check on the person(s) responsible for physical custody who should normally not have sole responsibility for keeping the records of it. The control accounts also serve as checks on subsidiary stores records. As mentioned above, the accounting department should receive copies of purchase orders, receiving reports, and invoices in order to verify the transactions which must be posted to the contractor's books. This same information may provide a basis for the control accounts.

#### 206225. Property Control Requirements Contained in Other Sections

a. Other requirements to be reviewed for the specific phases of property control referenced below are contained in the following sections of this chapter:

1. property records--Section 5 of this part;
2. physical inventories--Section 9, Part B;
3. scrap and salvage procedures--Section 5, Part D;

4. maintenance and utilization procedures--Section 4, Part D;

5. segregation of government property--Section 8, Part B;

6. property marking and identification--Section 1, Part D;

7. receiving and inspection of government property--Section 2, Part D.

b. In addition, a check list of questions designed to identify the factors to be checked in performing a functional review is set forth at the end of this chapter.

#### 206226. Letter of Approval or Disapproval by Contract Administrator

Written approval or disapproval of a contractor's property control system by the property administrator is required. The letter of approval shall make specific reference to the contractor's inventory, maintenance and utilization, and scrap and salvage procedures. The letter of approval or disapproval shall be sent to the contractor and a copy placed in the field office miscellaneous property file. A formal letter of approval is illustrated on Page 6-28. Approval may be rescinded if the procedures approved are later found to be inadequate for any reasons, including increased complexity of the Government's interest as a result of subsequent contracts. In this case the contractor shall be advised by letter of the specific areas of deficiency and minimum standard of acceptance.

#### 206227. Action Upon Disapproval of Contractor's Property Control System

a. Detailed Listing of Government Property. When a contractor's property control

In Reply Refer to:

Gentlemen:

Subject: Approval of the property control records and procedures for government property provided under the following contract(s):

This Office is contract administrator for the above-referenced contract(s).

On the basis of a review of your system for the control of government property including your records and procedures in regard to maintenance and utilization, inventories, and scrap and salvage control, it has been determined that your property control records and procedures are adequate within the requirements of Appendix \_\_\_\_\_ of the Armed Services Procurement Regulation. Accordingly, your system is hereby approved for use in the control of government property furnished or acquired under all existing and subsequent contracts awarded to your company which come under the cognizance of this Office. This approval is subject to further reviews which this Office will conduct periodically to insure that adequate controls are maintained on a continuing basis to protect the Government's present or increased future interest.

You are hereby requested to notify this Office of any and all changes in your procedures and practices which apply to government property in your possession. Changes should be submitted as they occur.

Very truly yours,

APPROVAL OF CONTRACTOR'S PROPERTY CONTROL SYSTEM  
NAVEXOS-4341/1 (REV. 10-63)

IN REPLY REFER TO:

Gentlemen:

Subject: Contract No. \_\_\_\_\_: approval of the property control records and procedures for Government property provided thereunder

On the basis of a prior review of your records and procedures for control of Government property resulting in approval dated \_\_\_\_\_, your property control system is hereby approved for use in the control of Government property furnished or acquired under the contract referenced above.

This approval is subject to any changes in your procedures and practices effected since the prior review and subject to further reviews which this Office will conduct periodically to insure that adequate controls are maintained on a continuing basis.

You are requested to notify this Office of any unreported changes in your procedures and practices which have taken place since our last review. Please submit any additional changes to this Office as they occur.

In the event Government property will be provided to subcontractors under this contract, it is requested that you note your responsibility for this property. In regard thereto, please advise this Office of the names and addresses of the subcontractors, subcontract or purchase order numbers, and types of subcontracts (Cost or Fixed Price).

Very truly yours,

APPROVAL OF CONTRACTOR'S PROPERTY CONTROL SYSTEM  
BASED ON PRIOR REVIEW  
NAVEXOS-4356 (REV. 2-61)

H-35141

Figure 6-6. Approval of Contractor's Property Control Control System Based On Prior Review, NAVEXOS-4356

system has been disapproved, the Property Administrator shall request the cognizant military department auditor, in cases of cost-type contracts, to require the contractor to submit with the public voucher for payment such detailed listing of Government property acquired under the contract as is necessary to maintain surveillance of the property. This action shall be taken as a temporary measure until the contractor has made the improvement in his system which is necessary for approval. The listing should include copies of, or data regarding, pertinent purchase orders, identification of the contract or contracts to which the property is allocable, and such other information as is deemed necessary. If property purchased under one purchase order is allocable to more than one Government contract, the contractor should state the quantity allocable to each. The Property Administrator may, in addition, request the contractor to furnish any documents or information required to substantiate any transaction about which there is a question.

b. Prompt Corrective Action by Contractor. The Property Administrator shall insure that the contractor takes prompt corrective action to make his property control system adequate for approval. The action described under paragraph a. above, is not a substitute for the maintenance of an adequate property control system by the contractor. The Property Administrator shall perform, as a minimum, monthly resurveys of contractors' property control procedures in those areas where deficiencies have been noted, until corrected.

c. Listing of Contractor on Navy Contractor Experience List (NCEL) and Dollar Suspension by Military Department Auditor. If the contractor's property control system is disapproved and he does not take the necessary corrective action within a reasonable time, the Contract Administrator shall submit a proposal to the Chief of Naval Material, in accordance with NPD 1-950, that the contractor's name be included on the NCEL. In cases of cost-reimbursement type contracts, the Contract Administrator, in addition, should request the Military Department Auditor to make an appropriate dollar suspension until the situation is corrected. The Contracting Officer should be advised of these actions, together with appropriate comments.

d. Referral of Cases of Disagreements and Noncompliance to Contract Administrator and Contracting Officer. Where a

basic disagreement arises between the Property Administrator and the contractor as to the property control requirements to be maintained or as to cases of non-compliance by the contractor, the Property Administrator shall refer the matter to the Contract Administrator for resolution. If the Contract Administrator cannot resolve the problem or otherwise deems it necessary, he shall refer the cases of disagreement or noncompliance to the Contracting Officer for final decision.

### Section 3. PRICING (ASPR, APP B 302)

#### 206230. Action Relative to Unit Pricing

a. Property records are required to show a unit price for each item except (as provided in paragraph 207.10 of Appendix C of ASPR) with respect to items constructed for research and development purposes by the contractor. Where, under a cost reimbursement contract, there is a disallowance of certain costs with respect to contractor-acquired property, the contractor's accounting records must be adjusted by him to reflect the true unit price. Similarly, where property which is subsequently to be provided a contractor as Government-furnished property is an end item under a price redetermination contract and price redetermination is made, the contractor shall make appropriate adjustments in his accounting records to reflect the resulting unit price.

b. The unit price for Government-furnished property will normally be provided on the Government invoice or equivalent document prepared by the shipping activity. Personnel of the inspection office assigned responsibility therefor shall insure that the unit price is recorded on the appropriate records and, if the price is not furnished, shall initiate action to obtain the unit price from the shipping activity.

### Section 4. RECORDS TO BE MAINTAINED BY GOVERNMENT PERSONNEL (ASPR, APP B 303)

#### 206240. Availability of Copy of Contract

Where a contract or subcontract provides for Government property, the Property Administrator shall thoroughly familiarize himself with all pertinent provisions thereof. A copy of the contract or subcontract document must be available

field office for such direct reference by the property administrator and other field office personnel concerned with government property as is necessary.

b. ASPR B-303.3 and C-213.3 require the property administrator to maintain a record of all completed products produced under a contract. The property administrator shall utilize the office contract files in lieu of maintaining a duplicate record of completed products.

#### 206241. Master Property Control File

a. A master property control file shall be established for each contractor having a contract under which government property is to be provided. The purpose of the file is to permit the ready location of the records necessary for the control of government property. The master property control file is composed of:

1. A "suppliers' miscellaneous folder-property" file (hereinafter referred to as the miscellaneous property file) for each contractor; and

2. A master property control record for each contract of the contractor providing for government property.

b. In those cases where an assistant property administrator is appointed (in accordance with 206132.a and b) the assistant property administrator shall also establish a master property control file for the subcontractor or the contractor's secondary site, as the case may be. This file shall also contain a miscellaneous property file for each supplier and a master property control record for each subcontract, or, at secondary sites, for each portion of the contract administered by the assistant property administrator.

c. The folder containing the miscellaneous property file is placed in the front of the master property control file, followed by the master property control record folders for each contract (or subcontract) of the supplier. The contents of the master property control file are described below.

1. Miscellaneous Property File. The miscellaneous property file folder shall have an insert on the upper left-hand corner on which shall be typed the applicable file symbol (4330) and the name of the contractor (or subcontractor).

(a) Contents of Miscellaneous Property File. The following documents shall be filed in the miscellaneous property file:

(1) The letter appointing the property administrator.

(2) The letter of approval or disapproval of the contractor's property control system when the letter applies to more than one contract. If the letter applies to one contract only, it shall be filed in the master property control record.

(3) The review work sheets of the property administrator, with regard to the contractor's property control system.

(4) The Plant Equipment Identification Number Log, NAVEXOS-4086 shall be used to record identification numbers assigned by the property administrator to items of plant equipment. Its use insures the assignment of necessary identification numbers and provides a means of avoiding duplication of identification numbers. (Section 1, Part D of this chapter sets forth requirements for identification.) The property administrator may accept machine listings in lieu of the NAVEXOS 4086 for those cases where contractors have mechanized records, provided the listings contain all data presently required for the NAVEXOS 4086.

(5) Correspondence pertaining to government property which does not specifically relate to a particular contract of the contractor should be filed in the miscellaneous property file, separated from the other papers contained in it. Normally there should be little correspondence of this nature, and what there is should be disposed of periodically.

(6) Contractor's written property control procedures or, in lieu thereof, the property administrator's written summary.

2. Master Property Control Record. The label of the folder containing the master property control record for each contract (or subcontract) shall be marked "MPCR" and shall contain the name of the contractor (or subcontractor) and the contract (or subcontract) number. The following documents shall be filed in the master property control record:



→ (a) The letter of approval or disapproval of the contractor's property control system if it applies to only one contract.

(b) The Certification of Proper Usage and Disposition of Government Property NAVEXOS 4500/2 (see 206195).

(c) Correspondence pertaining to property administration under the contract.

(d) Reports of property checks and analyses supported by adequate work papers (property control checks and usage analyses, maintenance and utilization checks, and reports of physical inventory),  
→ if applicable to one contract only.

(e) Any letters authorizing deviations and all records of deficiencies noted in the contractor's property control procedures and corrective actions taken. These documents may be maintained in the miscellaneous property file if:

(1) the deficiencies or deviations are common to most of the contracts;

(2) each letter of approval or disapproval for a contract identifies the pertinent deficiencies or deviations; and

(3) the master property control record summary for each contract involved contains a cross reference to the miscellaneous property file in which the record of the deficiencies or deviations are filed.

(f) The general information letter, which is required by Section 6, Part B of this chapter.

(g) The contractor's receipts for all government-furnished property and contractor-acquired industrial facilities, only where required in accordance with 206321.b.

(h) When the contract administrator has been designated to maintain the official contract property control records, they shall be included in the master property control record. This does not apply to property record cards, which are maintained by the property administrator in a separate office file.

(i) The names and specimen signatures of contractor personnel authorized to receipt for government property, only

where required pursuant to 206211 and 206321.

(j) Incoming shipping documents.

(k) Outgoing shipping documents.

(l) Inventory schedules of residual government property (see Chapter 11).

(m) Inventory disposal reports (see Chapter 11).

(n) Other documents and instruments relieving the contractor of responsibility for government property.

It is convenient to divide the Master Property Control Record into two parts with those documents listed in (a) through (g) above in one part and the remaining documents in the other. This facilitates determination of residual inventory and the closing out of the contract. Both parts may be contained in one folder where the quantity of documents permits.

3. Completion of Master Property Control File. The Master Property Control Record is completed after notification of the completion or termination of the contract and receipt of substantiating evidence that all government property in the possession of the contractor and subcontractors has been properly accounted for or disposed of and that documentation from the disposal activity is contained in the file indicating the proper treatment of all sales proceeds. The Master Property Control Record shall be closed and consolidated with the office contract files in accordance with the instructions applicable to the cognizant inspection office.

The Miscellaneous Property File is completed when the Master Property Control Records for all contracts and subcontracts of the contractor or subcontractor are completed. The NAVEXOS 4340/1 shall be inserted in the miscellaneous property file and the file retained for three years after completion. If no additional contracts or subcontracts providing for government property are received in this three-year period, the contents of the file shall be disposed of in accordance with the instructions applicable to the cognizant inspection office.

The Plant Equipment Identification Number Log (NAVEXOS 4086) is to be retained indefinitely by the inspection office and shall not be sent to the records

[illegible]

Figure 6-8. Plant Equipment Identification Number Log, NAVEXOS-4086

MASTER PROPERTY CONTROL RECORD SUMMARY  
NAVEXOS-4340/1 (10-61)

1. NAME AND ADDRESS OF CONTRACTOR OR SUBCONTRACTOR										
2. CONTRACT OR SUBCONTRACT NO.			3. DATE OF CONTRACT OR SUBCONTRACT			4. CONTRACTOR'S ACCOUNTING NUMBER				
5. TYPE OF CONTRACT <input type="checkbox"/> COST <input type="checkbox"/> RESEARCH AND DEVELOPMENT <input type="checkbox"/> FIXED PRICE <input type="checkbox"/> PRODUCTION <input type="checkbox"/> FACILITY <input type="checkbox"/> OTHER										
6. CATEGORIES OF GOVERNMENT PROPERTY	(Check applicable box at right)			PLANT EQUIPMENT		SPECIAL TOOLING		MATERIAL	REAL PROPERTY (Classes 1 & 2)	
				MINOR	CLASS 3	CLASS 4	UNDER APP. B	UNDER ASPR 13-594		
	GOVERNMENT FURNISHED							X X X		
CONTRACTOR ACQUIRED										
7. END ITEM OR PURPOSE					8. POINT OF INSPECTION AND ACCEPTANCE					
9. CONTRACT OR SUBCONTRACT CLAUSE PERTAINING TO LIABILITY OF CONTRACTOR FOR LOSS, DAMAGE OR IMPROPER USE OF GOVERNMENT PROPERTY										
10. RECORD OF CONTRACT ADMINISTRATORS	ADMINISTRATOR			TENURE		AUTHORITY				
				FROM	TO					
11. RECORD OF PROPERTY ADMINISTRATORS OR ASS'T P.A.'S										
12. DATE OF GEN. INFO. LETTER TO CONTRACTOR			13. DATE RECEIVED CONTR'S SPECIMEN SIGNATURE(S)			14. CONTRACT SCREENED BY (Signature)		15. CONTRACT REVIEWED BY (Signature)		
16. LIST OF SUBCONTRACTS AND PURCHASE ORDERS INVOLVING GOVERNMENT PROPERTY	NAME AND ADDRESS			SUBCONTRACT AND/OR PURCHASE ORDER NUMBER		DATE		IS G.P. AUTHORIZED		DATE ASS'T P.A. APPOINTED
								YES (✓)    NO (✓)		
17. USE OF GOV'T PROPERTY UNDER THIS CONTRACT IS AUTHORIZED ON THE FOLLOWING CONTRACTS:	CONTRACT	AUTHORITY			18. ACQUISITION VALUE OF GOV'T PROPERTY		DATE	ACQUISITION VALUE OF GOV'T PROPERTY		DATE

Figure 6-9a. Master Property Control Record Summary, NAVEXOS-4340/1 (Front)

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NAVEXOS-4340/1 (10-61)

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MASTER PROPERTY CONTROL RECORD SUMMARY - (CONTINUATION SHEET)  
NAVEXOS-4340/1A (10-61)

1. NAME AND ADDRESS OF CONTRACTOR OR SUBCONTRACTOR				2. CONTRACT OR SUBCONTRACT NO.				
16. LIST OF SUBCONTRACTS AND PURCHASE ORDERS INVOLVING GOVERNMENT PROPERTY	NAME AND ADDRESS		SUBCONTRACT AND/OR PURCHASE ORDER NUMBER		DATE		IS G.P. AUTHORIZED YES (✓) NO (✓)	DATE ASS'T P.A. APPOINTED
17. USE OF GOV'T PROPERTY UNDER THIS CONTRACT IS AUTHORIZED ON THE FOLLOWING CONTRACTS:	CONTRACT		AUTHORITY		CONTRACT		AUTHORITY	
18. ACQUISITION VALUE OF GOV'T PROPERTY	AMOUNT (\$)	DATE	AMOUNT (\$)	DATE	AMOUNT (\$)	DATE	AMOUNT (\$)	DATE
19. AMENDMENTS, MODIFICATIONS, AND CHANGES TO CONTRACT OR SUBCONTRACT PERTAINING TO GOV'T. PROP.	NUMBER	NATURE OF CHANGE						

(FRONT)

Figure 6-9c. Master Property Control Record Summary - (Continuation Sheet)  
NAVEXOS - 4340/1A (Front)

NAVEXOS-4340/1A (10-61)

(BACK)

	DATE	DEFICIENCIES NOTED (Report filed MPCR)		DATE DEFICIENCIES CLEARED		DATE	DEFICIENCIES NOTED (Report filed MPCR)		DATE DEFICIENCIES CLEARED
		YES (✓)	NO (✓)				YES (✓)	NO (✓)	
20. EXAMINATIONS, DEVIATIONS, AND AUDITS	USAGE ANALYSES				INVENTORY				
PROPERTY CONTROL PROCEDURES					MAINTENANCE AND UTILIZATION EXAMINATIONS				
DEVIATIONS APPROVED		TYPE (Deviation filed MPCR)		NAVY AUDITOR'S AUDIT					
		TYPE (Deviation filed MPCR)							
		TYPE (Deviation filed MPCR)							

A-18200

Figure 6-9d. Master Property Control Record Summary - (Continuation Sheet)  
NAVEXOS - 4340/1A (Reverse)

identification numbers and provides a means of avoiding duplication of identification numbers. (Section 1, Part D of this chapter sets forth requirements for identification.)

(4) Correspondence pertaining to Government property which does not specifically relate to a particular contract of the contractor should be filed in the Miscellaneous Property File, separated from the other papers contained in it. Normally there should be little correspondence of this nature and what there is should be disposed of periodically.

(5) Contractor's written property control procedures or, in lieu thereof, the Property Administrator's written summary.

2. Master Property Control Record. The label of the folder containing the Master Property Control Record for each contract (or subcontract) shall be marked MPCR and shall contain the name of the contractor (or subcontractor) and the contract (or subcontract) number. The following documents shall be filed in the Master Property Control Record:

(a) The Master Property Control Record Summary, NAVEXOS 4340/1 is shown on pages 34 thru 30a. The preparation of this form is described in Paragraph 206243.

(b) The Property Administrator's letter to the cognizant Military Department Audit Office stating that all Government property has been disposed of or otherwise accounted for.

(f) Reports of analyses, support work papers; checks and maintenance and reports of phy

(g) Any letter tions and all r noted in the c control proced actions taken. however, may Miscellaneous

(1) the d tions are the contra

(2) each disapprov ties the or deviat

(3) the M trol Reco contract i cross ref laneous P the recor or deviat

(h) The Gene which is requi B of this chap

(i) The letter erty Adminis Section 3, Par

(j) The contr all Governm and contractor facilities only in accordance 206321.b.

center. This is necessary to insure there is no duplication of identification numbers assigned to plant equipment at a contractor's plant.

206242. Memorandum Master Property Control Record for Special Tooling under the Provisions of the ASPR 13-504 Clause

a. Since title to special tooling acquired by the contractor under the provisions of the ASPR 13-504 clause is not vested in the Government, the provisions of ASPR Appendixes B and C do not apply to it. (See 206043 with regard to various means of providing special tooling and administrative responsibilities in regard thereto.) However, as the Government may acquire title to ASPR 13-504 special tooling after performance, and as there are administrative requirements prior to that time, a memorandum master property control record shall be established and a property administrator shall be designated with respect to all special tooling which is under the provisions of the clause. A separate file folder (designated memorandum MPCR) shall be used, which shall contain:

→ 1. the file copy of the General Information Letter to the contractor regarding special tooling under ASPR 13-504 (see 206162); and

2. such correspondence and other administrative documents and data as are required for administration.

b. If the Government takes title to such special tooling under the option provided by the ASPR 13-504 clause, the memorandum master property control record shall be converted to a master property control record. Upon completion of final disposition of the special tooling in cases where the Government does not take title, the file shall be closed out and incorporated into the office file. The memorandum master property control record shall not be established where a master property control record has already been established in accordance with 206241.

is considered  
actions are

b. On initiation of contract uncertainty is, or contract or sub and appropriate master property control primary. The review the familiarize Where the are omitted taken. The performance of property control be kept current EXOS 4340 master property

c. The preparation of the master summary with other items considered property and Appendixes chapter.

→ NAVEXOS

Item 2.

Item 3.

→ NAVEXOS

Item 4.

Item 5.



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→ Item 17. Enter the acquisition value of all government property accountable under the contract computed at the time of the periodic check or otherwise when required.

206244. Consolidated Audit File

Records of military department auditors' audits of property accounts and the

letter reports there in a consolidated au-  
ber.

206245. Records of  
Improve-  
Plant Equip

a. All industrial fac-  
plant equipment, loc

plants are recorded and reported in the Navy inventory control system, which provides the factual information on which Navy management, fiscal, and technical control of such property is based. For the purpose of the Navy inventory control system, the property covered is collectively described as plant property and divided into four classes:

1. Land--Plant Property Class 1
2. Buildings and Improvements--Plant Property Class 2
3. Equipment--Plant Property Class 3
4. Industrial Production Equipment--Plant Property Class 4

In accordance with the instructions set forth and referenced in this paragraph, the Property Administrator is responsible for the preparation and maintenance of property record cards for plant property in the possession of contractors. These property record cards and related information are furnished for the plant property account maintained at the accountable activity designated in Navy Comptroller Manual, Volume 2, paragraph 025206-2.

b. Responsibility for Preparing Property Record Cards

1. Class I Permanent Land Interest Card, NAVCOMPT Form 264, shall be prepared by the cognizant District Public Works Officer. A copy of the completed card will be forwarded to the cognizant Contract Administrator.

2. Temporary Ingrant Property Cards (Leases), NAVCOMPT Form 262, and Temporary Outgrant Property Record Cards, NAVCOMPT Form 269, shall also be prepared by the cognizant District Public Works Officer. A copy of the completed cards will be forwarded to the cognizant Contract Administrator.

(DD Form 134)

(a) Prepared by the contractor ASPR, App. B the contractor records of plant 1342, except to be maintained an acquisition less than \$500 Administrator tractor maintenance on DD Form 1 necessary for property. In Administrator maintenance of such DD Form 134 sure to maintain Administrator shall personnel are prepared method of preparation forms and uncertainties relating to plant property Administrator ing the contract tem, that the adequate to in of the property receipt of the forms can be

(b) Prepared by the contractor ASPR, App. C the use of sum of individual in ment having a policy of the N tractors main plant equipment of \$200 or more ever, as state Administrator tractor maintenance on DD Form 1 sary for effect and he may au individual item

equipment, it will generally be more economical and effective for the Property Administrator to prepare and maintain the property record forms. Also, when contractors' property control procedures have been determined to be inadequate to protect the interests of the Government, the Property Administrator should prepare and maintain the property record forms for plant equipment until the deficiencies in the contractor's property control procedures have been eliminated.

(d) Coding. Generally, coding shall be accomplished by personnel of the inspection office to insure consistency in the data supplied the plant property inventory system. Coding includes the completion of Commodity Code, Model Code, Manufacturer's Code, Type Code, Possessor Code, Operating Power Code, Service Code, Status Code, Program Code, Condition Code, and any other departmental codes required.

Upon preparation of the property record forms by the contractor, the original and all copies shall be furnished to the inspection office for coding and examination as to the accuracy and completeness of the data recorded. When this is done, the Property Administrator shall distribute the forms as provided in paragraphs n, o and p below.

c. Filing of Property Record Forms within the Inspection Office. In those exceptional cases where the inspection office maintains a duplicate copy of the Property Record Forms, they shall be filed as follows:

1. The forms shall be grouped by contractor;

2. Within each group of forms with respect to a contractor the file shall be

2. Building and Improvement  
2.

Utilities-Telephone  
Steam and Water, N  
Form 266.

Structures and Miscellaneous  
Utilities, NAVCOM

Buildings, NAVCOM

Family Housing Development  
Form 277A.

3. There are four additional forms used in regard to Plant Forms 1 and 2:

(a) Transmittal Record Card, NAVCOMPT Form 260, which is to be submitted with property record Forms 1 and 2 property to their viewers.

(b) Temporary Ingrant Transaction Record Card, NAVCOMPT Form 261, which is used to report an ingrant transaction grant use of property for one year.

(c) Activity General Record Card, NAVCOMPT Form 262, which is submitted to provide information such as type, status, geographical location, function of an activity, including plants sponsored by the I

(d) Temporary Outgrant Transaction Record Card, NAVCOMPT Form 263, which is used to report an outgrant transaction grant use of property for one year.

The various Property Record Forms are illustrated on pages 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

- (2) Building Cards, NAV-COMPT Form 277
- (3) Family Housing Detail Cards, NAVCOMPT Form 277A
- (4) Temporary Interest Cards, NAVCOMPT Form 262, Sides A and B
- (5) Permanent Land Interest Cards, NAVCOMPT Form 264

The various Property Record Cardforms are illustrated on pages 6-41 through 6-46, inclusive.

A detailed description of the items and categories of property required to be reported on the different cards and detailed instructions for the preparation of such cards are set forth in the current issue of BUDOCKS Instruction 11011.27 and 11011.32 and in the Navy Comptroller Manual, Volume 3, Chapter 6.

e. DOD Property Record for Class 3 and Class 4 Plant Property (Equipment). The DOD Property Record (DD Form 1342) is used to report acquisitions, dispositions, and changes involving Classes 3 and 4 Plant Property except for Class 3 Plant Property costing \$200 or more, but less than \$500. This property (\$200-\$499) will be reported on a summary basis in accordance with paragraph 206245.i. The Form is provided in carbon-interleaved sets containing an original and four copies. DD Form 1342 is illustrated on pages 6-45 and 6-46.

f. Items included in Class 3 Plant Property (Equipment). Class 3 Plant Property equipment includes only Navy-owned personal property of a capital nature, other than Industrial Production Equipment Class 4. Equipment which meets the criteria outlined below and is delivered to or otherwise made available to a contractor in accordance with the terms of a con-

cost.) Ap  
cost stand  
cost of the  
regular s

2. Equip  
normal, u  
more.

3. Equip  
ance of th  
tivity or p  
of all sub

g. Items Excl  
4 Plant Prope  
Following items a  
from the repo  
inventory cont  
for Plant Prop  
regardless of  
criteria:

1. Equip  
so that it  
in its desi

2. Equip  
performa

3. Equip  
equipment

4. Equip  
and integ  
structure  
Property  
part of th  
Plant Pr  
whether  
consider  
part of a  
the follow

(a) It  
perma  
a buil  
removal  
useful  
that b  
any in

the reporting of the building or structure; e. g., ducts, dampers, and piping in the dust collecting system of the building.

5. Naval vessels and service craft listed in the Naval Vessels Register, together with craft not listed therein but assigned to vessels and craft which are listed in the register, including equipment.

6. Aircraft, air  
thereon.

7. Returnable c

8. Consumable

9. Expendable  
munition and ordna  
as gun mounts, g  
arms, including  
items when used  
ordnance equipm

1. ACTIVITY				2. ACCTG. NO.		3. TOTAL COST \$		4. DIS.		
8. CITY			9. CITY CODE	10. COUNTY			11. CO. CODE	12. STATE/COU.		
15. COMPONENT/TENANT				CODE	16. NONCONTIGUOUS AREA				CODE	
20. NAVY DESCRIPTION			21. NAVY CODE	22. AC.						
				GROUNDS						
				IMPROVED				(c) SEMI-UNIM.		
				(a) LAWNS		DEC.	(b) OTHER		DEC.	
23. ACRES NOT USED										
(a) USABLE		DEC.	(b) NOT USABLE							DEC.
25. ACQUISITION DATA					26. DIS.					
MO.—YR.	METHOD			CODE	MO.—YR.					
<b>PERMANENT LAND INTEREST (Class I) NAVCOMPT FORM 264 (4 PT) (REV. 5-62) UPPER</b>										
ACTIVITY					ACCTG. NO.		TOTAL COST \$		DIS.	
28.					29.					
31.					32.					
34.					35.					
37. REMARKS										

Property costing \$200 or more, but less than \$500. This property (\$200-\$499) will be reported on a summary basis in accordance with paragraph 206245.i. The Form is provided in carbon-interleaved sets containing an original and four copies. DD Form 1342 is illustrated on pages 6-45 and 6-46.

f. Items included in Class 3 Plant Property (Equipment). Class 3 Plant Property equipment includes only Navy-owned personal property of a capital nature, other than Industrial Production Equipment Class 4. Equipment which meets the criteria outlined below and is delivered to or otherwise made available to a contractor in accordance with the terms of a contract, or which is procured or otherwise provided by a contractor for the performance of a contract, pursuant to the terms of which title is vested in the Government, shall be reported in the Navy inventory control system as Class 3 Plant Property:

1. Equipment which has a first unit cost of \$200 or more, exclusive of equipment defined as Class 4 Plant Property. Application of the \$200 initial cost standard will be based on the cost of the item as procured from regular sources of supply.

2. Equipment which has an expected normal, useful life of one year or more.

3. Equipment which is used in furtherance of the assigned mission of an activity or plant, including the functions of all subordinate subdivisions thereof.

g. Items Excluded from Class 3 and Class

4. Equipment which is an integral part of a building or structure is excluded. Property Class 3 is part of the building. Plant Property Class 3 is whether an item is considered a permanent part of a building or the following rules:

(a) Items of equipment permanently built into a building or structure, the removal of which would reduce its usefulness, cost, or that building or structure are included in the building or machine shop system, the removal of which would reduce the safety of the building or structure.

(b) Items of equipment permanently built into a building or structure to perform or assist in the operations of the building, if removed, would reduce in value the reporting of the building or structure; e. g. gas and piping in the heating system of the building.

5. Naval vessels listed in the Navy inventory together with craft but assigned to vessels.

1. ACTIVITY			2. ACCTG NO.		3. TOTAL COST \$		4. DIST. \$		5.				
6. CITY			9. CITY CODE		10. COUNTY			11. CO. CODE		12. STATE/COUNTRY			
15. COMPONENT/TENANT				CODE		16. NON CONTIGUOUS AREA				CODE 17			
20. TYPE OF CONSTRUCTION						21. CONDITION						22. PRIM. CONT	
PERM <input type="checkbox"/>		SEMI <input type="checkbox"/>		TEMP <input type="checkbox"/>		USABLE <input type="checkbox"/>		NOT USABLE <input type="checkbox"/>					
25. NAVY DESCRIPTION					26. NAVY CODE		27. OTHER MEASURE QUANTITY DEC SYM			28. CAPACITY QUANTITY			
(a)													
(b)													
(c)													
(d)													
(e)													
(f)													
32. MO - YR			ACQUISITION DATA METHOD					CODE		33. MO - YR			
UTILITIES (Class II) TELEPHONE, ELECTRIC, HEAT/STEAM and WATER													
ACTIVITY							ACCTG. NO.		TOTAL COST \$		DIST		
34.							35.						
37.							38.						
40.							41.						
43. REMARKS													



206245

1. ACTIVITY		2. ACCTG NO.	3. TOTAL COST \$	4. DIS
8. CITY	9. CITY CODE	10. COUNTY		11. CO. CODE
15. COMPONENT/TENANT		CODE	18. NONCONTIGUOUS AREA	
20. TYPE OF CONSTRUCTION		21. CONDITION		
PERM <input type="checkbox"/> SEMI <input type="checkbox"/> TEMP <input type="checkbox"/> P <input type="checkbox"/> S <input type="checkbox"/> T <input type="checkbox"/>		(Usable) U <input type="checkbox"/> T <input type="checkbox"/> R <input type="checkbox"/> C <input type="checkbox"/> (No) <input type="checkbox"/>		
25. BUILDING TITLE (Local description)		26. VOLUME CU. FT.	27. DIMENSIONS (a) LENGTH (b) WDT (c)	
USE	29. NAVY DESCRIPTION	30. NAVY CODE	31. AREA SQUARE FT. (Gross)	32. VACANT (Square Ft.)
(a) PRI.				
(b) SEC.				
(c) TER.				
(d) OTHER				
36. ACQUISITION DATA				
MO. - YR.	METHOD		CODE	MO. - YR.

**BUILDINGS (Class II) NAVCOMPT FORM 277 (4 PT.) (REV. 5-62) UPPER**

ACTIVITY		ACCTG. NO.	TOTAL COST \$	DIS
39. FLOORS →		BASEMENT	FIRST FLR	SECOND FLR
(a) LIVE LOAD (lbs. per sq. ft.)				
(b) FLOOR MATERIAL CODE				
(c) SQ. FT. FLOOR AREA				
MISCELLANEOUS	40. (a) HEATING SYSTEM FUEL		(b) ELECTRICAL CURRENT VOLTS PHASES CYCLES	
	TYPE			
	(d) CRANES		(e) ELEVATORS	
NO. OF	IDENTIFICATION NO.	TON CAPACITY	NO. OF	IDENTIFICATION NO.

41.

42.

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27 February 1963

1. ACTIVITY			2. ACCTG. NO.		3. TOTAL COST \$		4. DIST.		5. ACTIVITY CODE	
8. CITY			9. CITY CODE	10. COUNTY		11. CO. CODE		12. STATE/COUNTRY		13. ST. CODE
15. COMPONENT/TENANT			CODE		16. NONCONTIGUOUS AREA		CODE		17. MGMT. BUR.	
20. TYPE OF CONSTRUCTION			21. CONDITION			22. PRIME CONT.				
PERM <input type="checkbox"/> SEMI <input type="checkbox"/> TEMP <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			(Usable) <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			(Not Usable) <input type="checkbox"/> <input type="checkbox"/>				
25. STRUCTURE TITLE (Local Description)			26. UTILIZATION			27. DIMENSIONS (In Feet)				
			IN USE <input type="checkbox"/> NOT IN USE <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			(A) LENGTH (B) WIDTH (C) HT. (D) IRREG. DIAMETER <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>				
29. NAVY DESCRIPTION			30. NAVY CODE	31. AREA MEASURE		32. OTHER MEASURE		33. CAP.		
				QUANTITY DEC SYM         		QUANTITY DEC SYM         		QUAN		
35. ACQUISITION DATA					36. DISPOSITION DATA					
MO - YR		METHOD		CODE	MO - YR		METHOD			

STRUCTURES and MISC. UTILITIES (Class II) NAVCOMPT FORM 267 (4 PT) (REV. 5-62) UPI

ACTIVITY		ACCTG. NO.		TOTAL COST \$		DIST.		ACTIVITY CODE	
38.		39.		40.		41.		42.	
44.		45.		46.		47.		48.	
47. REMARKS									

1. ACTIVITY			2. ACCTG NO.	3. TOTAL COST \$	4. DIST.	5. ACTIVITY CODE	6. BLDG. NO.	7. CARD NO. SUFFIX
8. CITY		9. CITY CODE	10. COUNTY		11. CO CODE	12. STATE/COUNTRY		13. ST. CODE
								14. LAND OWNERSHIP OWNED <input type="checkbox"/> OTHER <input type="checkbox"/>
15. PROJECT NAME		16. OWNERSHIP CODE OWNED <input type="checkbox"/> LEASED <input type="checkbox"/> OTHER <input type="checkbox"/>			17. MGMT BUR CODE	18. FIN. BUR. CODE	19. PRC DATE MO - YR	
20. TYPE OF CONSTRUCTION PERM. <input type="checkbox"/> SEMI <input type="checkbox"/> TEMP <input type="checkbox"/>			21. CONSTRUCTION MASONRY <input type="checkbox"/> FRAME <input type="checkbox"/> STUCCO <input type="checkbox"/> OTHER <input type="checkbox"/>			22. PRIME CONTRACT NO.		23. BLDG TYPE
25. UTILIZATION IN USE <input type="checkbox"/> NOT IN USE <input type="checkbox"/>			26. NAVY DESCRIPTION		27. NAVY CODE	28. TOTALLY INADE- QUATE <input type="checkbox"/> YES	29. NO. OF UNITS	30. NO. OF STORIES
							31. LOCATION ON <input type="checkbox"/> OFF <input type="checkbox"/>	32. LEASED COST \$
								33. OTHER THAN ACQ. COST \$

FAMILY UNIT INFORMATION (List each unit separately)												45. TYPE OF ACTION	
34. UNIT ID. NO.	35. NET AREA (Sq. Ft.)	36. GROSS AREA (Sq. Ft.)	37. BED RMS	38. BATHROOMS FULL HALF		39. PORCH	40. CAR STORG. SPACE	41. EQUIPMENT ITEMS	42. STORAGE SPACE (Cu. Ft.)	43. QUARTERS ADE- QUATE IN- ADEQUATE		44. BASEMENT MARK IF YES <input checked="" type="checkbox"/>	45. TYPE OF ACTION
(A)													1. ACQ <input type="checkbox"/>
(B)													2. CAP IMPRV <input type="checkbox"/>
(C)													3. CORR <input type="checkbox"/>
(D)													4. DISP <input type="checkbox"/>
(E)													46. ADP #

**FAMILY HOUSING DETAIL (Class II) NAVCOMPT FORM 277A (4 PT) (REV. 5-62) UPPER (Attach to Corresponding BUILDING CARD)**

ACTIVITY			ACCTG. NO.	TOTAL COST \$	DIST.	ACTIVITY CODE	BLDG. NO.	CARD NO. SUFFIX
47.			48.	49.				
50.			51.	52.				
53.			54.	55.				
56. REMARKS								

**FAMILY HOUSING DETAIL (Class II) NAVCOMPT FORM 277A (4 PT) (REV. 5-62) LOWER (Attach to Corresponding BUILDING CARD)**

[illegible]Property Record Card Transmittal, NAV-  
COMPT Form 260

1. ACTIVITY			2. ACCTG. NO.	3. N/A	4. DIST.	5. ACTIVITY CODE	6. BLDG/STIC #	7. CARD NO.
8. CITY		9. CITY CODE	10. COUNTY		11. CO. CODE	12. STATE/COUNTRY		13. STATE CODE
15. COMPONENT/TENANT		16. NONCONTIGUOUS	17. MGMT. BUR.		18. FIN. BUR.		19. PRC. DATE MO.—YR.	

TEMPORARY INGRANT DATA (LEASE/LICENSE/PERMIT)											
20. LEASED		21. TYPE OF CONST.		22. CONDITION		23. UTILIZATION		24. APPRAISED VALUE \$		25. RENT PAID \$ *	
YES <input type="checkbox"/>	NO <input type="checkbox"/>	PERM <input type="checkbox"/>	SEMI <input type="checkbox"/>	TEMP <input type="checkbox"/>	USABLE <input type="checkbox"/>	NOT USABLE <input type="checkbox"/>	1 <input type="checkbox"/> IN USE	2 <input type="checkbox"/> NOT IN USE			
26. NAVY DESCRIPTION		27. NAVY CODE	28. AREA MEASURE QUANTITY DEC. SYM.		29. OTHER MEASURE QUANTITY DEC. SYM.		30. CAPACITY DEC. SYM.		31. PART OF NAVAL ACTIVITY? <input type="checkbox"/> YES <input type="checkbox"/> NO		
32. USE/PURPOSE			33. CONTRACT NO.		34. EFFECTIVE DATE MO.—DAY—YR.		35. EXPIRATION DATE MO.—DAY—YR.		36. LONGEST TERM MOS.—DAYS—YRS.		37. TYPE OF ACTION
38. TEMPORARY INTEREST APPLIES TO:			39. ACREAGE	<div style="display: flex; justify-content: space-between;"> <div> <div style="display: flex; justify-content: space-between;"> <div>(a) LAND <input type="checkbox"/></div> <div>(b) BLDG. <input type="checkbox"/></div> <div>(c) STRC. <input type="checkbox"/></div> <div>(d) UTL. <input type="checkbox"/></div> <div>(e) OFFICE SPACE <input type="checkbox"/></div> </div> <div>610-10</div> </div> <div> <div style="display: flex; justify-content: space-between;"> <div>IMPROVED</div> <div>(c) SEMI-IMPROVED/UNIMPROVED</div> <div>(d) OTHER LAND</div> </div> <div> <div style="display: flex; justify-content: space-between;"> <div>(a) LAWNS DEC.</div> <div>(b) OTHER DEC.</div> <div>DEC.</div> <div>DEC.</div> </div> </div> </div> </div>						40. ADP. NO.	

**TEMPORARY INGRANT (Class I or II) NAVCOMPT FORM 262 (4 PT) (REV. 5-62) UPPER**

ACTIVITY			ACCTG. NO.	N/A	DIST.	ACTIVITY CODE	BLDG/STIC #	CARD NO.
41.			42.	43.				
44.			45.	46.				
47.			48.	49.				
50. REMARKS								

\*(Block 25) enter an asterisk (\*) in this column if RENT PAID is included on another PROPERTY RECORD CARD

**TEMPORARY INGRANT (Class I or II) NAVCOMPT FORM 262 (4 PT) (REV. 5-62) LOWER**

\* GPO : 1962 OF—647539

1. ACTIVITY (Official Name)		2. COMMAND	3. OLD ACT. CODE	4. BUREAU CODE MGMT. FIN.	5. DIST.	6. CURRENT ACT. CODE														
7. ACTIVITY (Index Name) (For CBC use only)		8. LOCATION OF ACTIVITY (Physical) (City) (County) (State/Country)			9. ACCOUNTING NO.															
10. OTHER COUNTIES AND/OR STATES IN WHICH LOCATED		11. LOCATION OF ACTIVITY (If different than block 8)			12. STATE/FOREIGN CODE															
13. NEAREST CITY (Distance/Direction FROM Activity)		14. PRINCIPAL FUNCTION/PRODUCT		CODE	15. NO. OF RUNWAYS	16. CO/CTRY CODE														
17. DATE INITIALLY OCCUPIED (Mo. & Yr.)	18. NAME OF CONTRACTOR/OPERATOR	19. REASON FOR ACQUISITION, DISPOSITION OR CHANGE ACTION			20. CITY CODE															
21. HOST NAVAL ACTIVITY NAME		22. LOCATION OF HOST ACTIVITY (City) (County) (State/Country)			23. HOST ACT. CODE															
24. TENANT OF <input type="checkbox"/> NAVY <input type="checkbox"/> ARMY <input type="checkbox"/> AIR FORCE <input type="checkbox"/> GSA <input type="checkbox"/> POST OFFICE <input type="checkbox"/> OTHER (Specify) _____				25. REPORTING CL. 1 OR 2 PROPERTY <input type="checkbox"/> NO <input type="checkbox"/> YES																
26. COMPONENTS/TENANTS (A)		27. NONCONTIGUOUS AREAS (N)		28. TYPE OF ACTIVITY																
				<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td rowspan="2" style="writing-mode: vertical-rl; transform: rotate(180deg);">IND.</td> <td colspan="2">ACTIVE</td> <td rowspan="2" style="writing-mode: vertical-rl; transform: rotate(180deg);">INACTIVE</td> </tr> <tr> <td>GOV'T OPER. 1 <input type="checkbox"/></td> <td>CONT. OPER. 2 <input type="checkbox"/></td> <td>3 <input type="checkbox"/></td> </tr> <tr> <td rowspan="2" style="writing-mode: vertical-rl; transform: rotate(180deg);">NON-IND.</td> <td colspan="2"></td> <td rowspan="2" style="writing-mode: vertical-rl; transform: rotate(180deg);"></td> </tr> <tr> <td>4 <input type="checkbox"/></td> <td></td> <td>5 <input type="checkbox"/></td> </tr> </table>			IND.	ACTIVE		INACTIVE	GOV'T OPER. 1 <input type="checkbox"/>	CONT. OPER. 2 <input type="checkbox"/>	3 <input type="checkbox"/>	NON-IND.				4 <input type="checkbox"/>		5 <input type="checkbox"/>
				IND.	ACTIVE			INACTIVE												
					GOV'T OPER. 1 <input type="checkbox"/>	CONT. OPER. 2 <input type="checkbox"/>	3 <input type="checkbox"/>													
				NON-IND.																
4 <input type="checkbox"/>		5 <input type="checkbox"/>																		
29. STATUS OF ACTIVITY <input type="checkbox"/> PERMANENT <input type="checkbox"/> TEMPORARY																				
30. DATE OF CARD (Mo. & Yr.)																				
31. FOR CBC USE ONLY <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>NMP</td> <td>MAJ. ACT.</td> <td>IND.</td> <td>SEQUENCE NO.</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>			NMP	MAJ. ACT.	IND.	SEQUENCE NO.														
NMP	MAJ. ACT.	IND.	SEQUENCE NO.																	

ACTIVITY GENERAL INFORMATION—NAVCOMPT FORM 263 (3 PT) (REV. 5-62) UPPER

ACTIVITY GENERAL INFORMATION—NAVCOMPT FORM 263 (3 PT) (REV. 5-62) LOWER

\* U.S. GOVERNMENT PRINTING OFFICE : 1962 OF-647538

1. ACTIVITY		2. ACCTG NO.	3. N/A	4. DIST	5. ACTIVITY CODE	6. BLDG./STRUCT. #	7. CARD NO. SUFFIX
8. CITY	9. CITY CODE	10. COUNTY		11. CO CODE	12. STATE/COUNTRY		13. ST. CODE
14. PART OF NAVAL ACTIVITY?				<input type="checkbox"/> YES <input type="checkbox"/> NO			
15. TYPE OF CONSTRUCTION		16. OWNERSHIP CODE			17. MGMT. BUR.	18. FIN. BUR.	19. PRC DATE MO.-YR.
PERM. <input type="checkbox"/>	SEMI <input type="checkbox"/>	TEMP <input type="checkbox"/>	OWNED <input type="checkbox"/>	LEASED <input type="checkbox"/>	OTHER <input type="checkbox"/>		
TEMPORARY OUTGRANT DATA							32. TYPE OF ACTION
20. NAVY DESCRIPTION	21. NAVY CODE	22. NAV-COMPT FORM #	23. AREA MEASURE QUANTITY DEC SYM	24. OTHER MEASURE QUANTITY DEC SYM	25. CAPACITY QUANTITY DEC SYM		
26. OUTGRANTED TO	CODE	27. TERM MOS.-DAYS-YRS.	28. USE	29. RENT REC'D (E)	30. CONTRACT NO.	CODE	31. RELEASE DATE MO.-DAY-YR.
							1. ACQ <input type="checkbox"/> 2. N/A <input type="checkbox"/> 3. CORR <input type="checkbox"/> 4. DISP <input type="checkbox"/> 33. ADP #

TEMPORARY OUTGRANT (Class I or II) NAVCOMPT FORM 269 (4 PT) (REV. 5-62) UPPER

ACTIVITY	ACCTG NO.	N/A	DIST	ACTIVITY CODE	BLDG/STR. NO.	CARD NO.	SUFFIX
34.	35.		36.				
37.	38.		39.				
40.	41.		42.				
43. REMARKS							

NOTE: ENTER AN "E" IN BLOCK 29 (E) IF RENT RECEIVED IS AN ESTIMATE.

TEMPORARY OUTGRANT (Class I or II) NAVCOMPT FORM 269 (4 PT) (REV. 5-62) LOWER

**TO BE SUBMITTED  
IN QUADRUPLICATE**

DATE \_\_\_\_\_

FROM

ACTIVITY CODE	
---------------	--

TO

U. S. NAVAL CONSTRUCTION BATTALION CENTER (CBC 22), PORT HUENEME, CALIFORNIA

VIA

## REFERENCE

[illegible]

Figure 6-10i. Property Record Card Transmittal, NAVCOMPT Form 260 (Front)



NAVCOMPT FORM 260 (8-57)

NOTE: TO BE FILLED IN BY  
"VIA" ADDRESSEE

ACTIVITY CODE N. D.

TRANSMITTING ACTIVITY

TRANSMITTING NUMBER

NAV- COMPT FORM	ACQUISITIONS		CORRECTIONS		TOTAL	
	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
262 (A)						
262 (B)						
263						
264						
265						
266						
267						
268						
270						
271						
277						
277A						
SUB-TOTAL						

NAV- COMPT FORM	DISPOSITIONS		CANCELLATIONS		TOTAL	
	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
262 (A)						
262 (B)						
263						
264						
265						
266						
267						
268						
270						
271						
277						
277A						
SUB-TOTAL						

NET DOLLAR INCREASE	NET DOLLAR DECREASE	GRAND TOTAL	
---------------------	---------------------	-------------	--

Cards listed have been reviewed and found technically correct.	SIGNATURE	TITLE	DATE
--	-----------	-------	------

COPY TO:

FOR USE BY EAM BRANCH PORT HUENEME	TO		
	The totals of the property record cards listed have been found correct except as noted above.	INITIALS	DATE

U. S. GOVERNMENT PRINTING OFFICE : 1957 O. F. - 439446

Property Record Card Transmittal, NAV-  
COMPT Form 260 (Reverse)

<b>DOD PROPERTY RECORD</b>				Form Approved Budget Bureau No. 22-R209		REPORT CONTROL SYMBOL NAVCOMPT--7320 -8		NAME OF ITEM			
<input type="checkbox"/> INVENTORY <input type="checkbox"/> CHANGE <input type="checkbox"/> CODE REQUEST											
<b>SECTION I - INVENTORY CODES</b>											
1. COMMODITY CODE: (1) CC		<input type="checkbox"/> PEC <input type="checkbox"/> SCC		2. MODEL CODE		3. MANUFACTURER'S CODE (13)		4. TYPE		5. IDENTIFICATION NUMBER (19)	
6. MANUFACTURER (Name, city, and state)											
7. POSSESSOR CODE (30)				8. PRESENT LOCATION				9. YEAR OF MFR (42)		10. OPER POWER CODE (44)	
12. ACQUISITION COST (No cents) (48)				13. MANUFACTURER'S SERIAL NUMBER (54)				14. STATUS CODE (68)		15. CONDITION (70)	
17. DEPARTMENTAL USE (72)											
<b>SECTION II - INVENTORY DATA</b>											
18. DESCRIPTION AND CAPACITY											
19. MANUFACTURER'S DESIGNATION											
20. CONTRACT NUMBER											
21. END ITEM											
22. ADMINISTERING OFFICE		23. DIMENSIONAL DATA				24. ASOD NO.		25. DATE ASOD APPROVED			
		LENGTH    WIDTH    HEIGHT    SQUARE FEET    WEIGHT									
<b>SECTION III - ACQUISITION AND TRANSFER</b>											
26. AUTHORITY FOR ACQUISITION OR TRANSFER AND DATE					27. CONTRACT FOR PURCHASE AND DATE			28. <input type="checkbox"/> NEW <input type="checkbox"/> USED			
29. CONSIGNOR					30. CONSIGNEE						
31. CONSIGNOR VOUCHER NUMBER AND DATE					32. CONSIGNEE VOUCHER NUMBER AND DATE						
33. ACCOUNT NUMBER					34. DATE RECEIVED						
35. COST INCREASE					36. COST DECREASE						
<b>SECTION IV - DISPOSITION DATA</b>											
37. CONSIGNEE (Name and address)					38. DISPOSAL AUTHORITY AND DATE						
39. TYPE OF DISPOSITION AND PROCEEDS											
<input type="checkbox"/> DONATION <input type="checkbox"/> SALE <input type="checkbox"/> DESTRUCTION <input type="checkbox"/> ABANDONMENT    \$											
40. VOUCHER NUMBER AND DATE					41. TITLE TRANSFER DATE						
<b>SECTION V - ELECTRICAL CHARACTERISTICS</b>											
42. QUANTITY		HORSE-POWER	VOLTS	PHASE	CYCLE	AC	DC	SPEED	TYPE AND FRAME NUMBER		

DD FORM 1342  
1 MAR 61

Figure 6-11a DOD Property Record Form, DD Form 1342 (Front)

22 November 1961

[illegible]

"ordnance equipment" as used in this item does not include equipment used in the manufacture of ordnance equipment.

10. Special tooling, e. g., nonstandard jigs, tools, dies and fixtures, molds, patterns, special taps and special gages. (In general, this item includes equipment of such specialized nature that its use, without substantial modification or alteration, is limited to the production of the particular articles or performance of the particular services for which acquired or furnished; however, when a standard equipment item capable of performing an independent function is built into or used in connection with a nonstandard jig or fixture, the standard equipment item will be reported. For example, if a milling machine is built into a special fixture, the milling machine will be tagged and inventoried with appropriate notes on the property record form to indicate that the item is used in connection with the special fixture--valves, timers, limit switches, or other control devices utilized in connection with standard equipment items to adapt them to local conditions--and will not be considered as industrial equipment or reported as such; but when such items are made a permanent part of the standard equipment item with which they are used, they will be reported as components of the standard item, not as separate items.)

11. Hand-portable, incandescent electric lights and miscellaneous incandescent electric lighting fixtures, such as inspection and trouble lights; flashlights; flashlight lanterns; industrial utility, and marine hand lanterns; miners' lights; emergency warning and hazard lights.

12. Office supplies, including desk accessories, such as letter trays, staplers, ink wells, hole punching machines.

taps, and  
gages, mic  
all tools p  
trade, such  
cians', tin  
cutting too  
chine and  
and clamps  
mechanics

15. Kits a  
of loose ar

16. Hand-  
such as ai  
drills, gas  
forges, po  
hand-oper  
fits.

17. Equip  
nonappropri  
to the Navy

18. Office  
furniture,  
tables, fili  
insulated o  
bookcases  
desk trays  
electronic  
than those  
stools, lay  
tablet arm

19. Hosp  
hospitals,  
maries, qu  
officers' c  
rack furni  
furnaces,  
refrigerat  
located in  
in governm  
quarters (

20. Handc

21. Hand

22. Specia  
as templat

23. Book

29. Research equipment, procured or manufactured for specific research or development projects, of such specialized nature that its use is restricted to the project for which acquired.

30. Organizational property for operating forces based ashore and charged to expenditure accounts in other than the 41000 series of accounts.

31. Cryptographic and ancillary equipment controlled by the Chief of Naval Operations through the registered publications system charged to expenditure account 99345. (Other classified equipment will be reported in the manner prescribed in Chapter 2 paragraphs 4 and 5 under "General Instructions" of the Facilities Inventory Handbook (NAVEXOS P-406).)

32. Industrial type storage batteries acquired for use as interchangeable spares in the operation of electrically powered materials handling equipment.

→ 33. All other equipment items having a first unit cost of less than \$200.

34. Livestock and Animals.

h. Items Included in Class 4 Plant Property (Equipment). Class 4 Plant Property (Equipment) includes Navy-owned industrial production equipment listed on pages 6-51 and 6-52 having a first unit cost of \$500 or more, exclusive of installation costs.

1. Property recordatory and auxiliary rate property record be maintained for auxiliary equipment: to or otherwise maintenance equipment item and in the normal operation of which it is a part of such access equipment will be property record form which it is a part of tion sheets as are auxiliary equipment is which the equipment is a part could not ample is a motor and machine tools item is an item which enhances the use of which it is not essential to the item of which ample is a remote. In further examples of composite items and an attached or a truck with sp equipment mounted reported as one unit paragraph g., above limit switches, or vices utilized in standard equipment them to local command excluded from Property. Such items only when they are a part of the equipment which they are used reported as part of For further consideration method of reporting auxiliary items, see completion of Section DD Form 1342, in

Section II, Item 18, cross-reference the applicable Navy registration numbers and Navy identification numbers.

### 3. Reporting manufacturing systems.

When plant equipment and accessory type items are assembled and interconnected to form a single operating unit designed to perform continuously the same manufacturing process, such equipment will be grouped and reported as a single item of plant equipment for property accounting and inventory control purposes. In describing such systems, it is first necessary to describe the system as a whole, on "basic" DD Form 1342, and then to describe each of the various major components which comprise the system on an individual property record form. The cost to be shown on the "basic" DD Form 1342 shall equal that of the summarized costs of the reportable component items. Examples of plant equipment falling within the scope of this subparagraph are: a conveyor line for handling material; a cupola with its attached loading and unloading firing equipment; or a plate mill with its feeding table. The forms describing the component reportable items shall be attached to the basic DD Form 1342. Cross-references between the basic form and the supplements shall be entered on the forms in the lower right hand corner, as illustrated below:

CHEMICAL PROCESSING SYSTEM  
(Name)

DD FORM \_\_\_\_\_ Report 1 of 5.

A chemical process manufacturing system shall not be reported as a utility system, Class 2 plant property.

4. Class 3 Plant Property Costing  
\$200 or more and less than \$500 shall  
be reported by the Property Admin-

than the te  
the end of

j. Instruc  
1342 for C  
erty (Equi  
tractors.

1. Gen  
Reco  
plant e  
contra  
cordan  
forth i  
struct  
tion of  
Industr  
serves  
nated l  
mental  
(DIER  
age in  
Plant o  
Industr  
serves  
tion Se  
produc  
in subp  
been d  
as "De  
and wh  
a Nava  
contra  
ments  
ord Fo  
items  
plicab  
expres  
the gen  
follow  
be rep  
Servic  
it mee

(a)  
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res  
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rel

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DIER items do not include machinery or equipment retained as integral units of a Departmental establishment, Naval Industrial Reserve Plants, pilot lines, other active installations on loan or lease, or in plants covered by the National Security Clause.

When a DD Form 1342 is prepared and such action replaces an existing NAVCOMPT Form 278, the Form 278 will be marked or stamped "CONVERSION" in red ink, the conversion date entered in the block captioned "Disposition Data," and cleared from the activity or contractor files by attaching the Form 278 to the accountable activity copy of the DD Form 1342. All copies of the DD Form 1342 so prepared, will also be marked "CONVERSION," in item 26. Where an entry on this form under items 1, 2, 3 and 5 respectively is not identical to corresponding data shown on NAVCOMPT Form 278, the differing data contained in the 278 Form will be entered under item 26 of DD Form 1342, adjacent to the term "CONVERSION." Except for an entry of "X" to indicate the code request, no other entries will be made under "DOD Property Record" in the Heading of DOD Form 1342 when conversion action is applicable.

Conversion action shall be accomplished concurrently with the preparation of each DD Form 1342s used for reporting idle and/or excess Class 4 Plant Property, unless a corresponding DD Form 1342 is on file for the property. In the event that a DD Form 1342s (idle excess property) has been submitted before such conversion action, the related DD Form 1342 shall be prepared by

Enter an "X" in the Change block of subsequent reports on Under "Name of identifying name appropriate Production Directory. Equ by the Director as described in the classification of Equipment Control." If the is not contained in publications, the shall apply:

(a) Enter the the builder of this information select a name scribes the h which the item This will not its use or sp in producing product.

(b) Omit the or shop term would add to nomenclature terminology theses follow item.

## Section I - Inventory

Item I - Comm an "X" in the ap designating whi SCC--is used. available. Fed (FSN) are not r be used if know the Production (PEC) or the S

For Class 3 Plant Property select 4 digit codes from Appendix A to the Handbook.

For Class 4 Plant Property select maximum coding from Appendix B to the Handbook. This publication will also be used for coding purposes when reporting identical types of equipment when held in reserve storage in the supply system (accountable under the appropriation purchases account).

When the PEC code only is known to be incomplete at time of entry on DD Form 1342, place an X in the "Code Request" block shown in the Heading of this form. Similar action shall be taken for requesting a manufacturer's code. However, the DD Form 1342 shall not be used solely for requesting codes.

Item 2 - Model Code. If a PEC commodity code is used, enter the model code shown in the Production Equipment Directory. If an SCC commodity code is used, enter the last two digits of the twelve digit code.

Item 3 - Manufacturer's Code. If a PEC commodity code is used, enter the manufacturer's code shown in the Production Equipment Directory. If an SCC commodity code is used, enter the manufacturer's code shown in the

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LIST OF EQUIPMENT TYPES WHICH ARE RE  
 CLASS 4 PLANT PROPERTY OR INDUSTRIAL PRO  
 MENT RESERVES PROVIDED UNIT ACQUISITION COST

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METALWORKING MACHINERY

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PEC

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3411	Bori
3412	Broa
3413	Dril
3414	Gear
	M
3415	Grin
3416	Lath
3417	Mill
3418	Plan
3419	Misc
3441	Bend
3442	Hydr
	P
3443	Mech
	D
3444	Manu
3445	Punc
3446	Forg
	H
3447	Wire
	in
3448	Rive
3449	Misc
	F

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OTHER PRODUCTION EQUIPMENT

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PEC/SCC

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3191	Dyna
3421 thru 3429	Port
3431 thru 3433	

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LIST OF EQUIPMENT TYPES WHICH ARE REPORTED  
CLASS 4 PLANT PROPERTY OR INDUSTRIAL PRODUCTION  
MENT RESERVES PROVIDED UNIT ACQUISITION COST IS \$500 OR MORE

OTHER PRODUCTION EQUIPMENT --CONTINUED

PEC/SCC

3521 thru 3527 and 3529	Textile Machinery
3562 thru 3567 and 3569	Woodworking Machinery
3571 thru 3575 and 3577 <del>thru</del> <i>and</i> 3579	Furnaces
3581 thru 3587 and 3589	Foundry Equipment
3593 and 3595 thru 3597	Special Industrial Machinery
3598	Special Industrial Machinery (Manufacturing)
3911 thru 3915 and 3919	Crushing, Grinding, and Equipment
3991	Miscellaneous Industrial Machinery
5631 thru 5636 and 5638	Measuring, Testing, and Equipment
563908	Profilometer
563914	Magnetic Particle Inspection Machine
56391405	Demagnetizing Machine

Item 6 - Manufacturer (Name, City and State). Enter the name, city and state of the manufacturer of the item. When reporting initial acquisitions by purchase, include the street address of the manufacturer. If information is not available insert the word "unknown." Do not use distributor's or vendor's name. In the case of foreign-made items, add the name of the country.

Item 7 - Possessor Code. Enter the Accounting Number of the Accountable Activity in the five left cell blocks. For numbers of less than five digits, enter zeros to the left of the significant digits. Enter in the remaining blocks the Accounting Number assigned to the prime contractor holding the contract providing for the item being reported. (Accounting Numbers are listed in the Navy Comptroller Manual Volume 2, Chapter 5.) With respect to DIER equipment, enter the accounting number assigned to the Naval Industrial Reserve Plant or contractor's plant where the equipment is stored.

Item 8 - Present Location. Enter the name and location ( street address, city, and state) of the actual possessor of the item. If the item is in the possession of a subcontractor or con-

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## TABLE OF OPERATING POWER CODES

10	Electric Motor Driven
11	110, 115 or 120 Volt A. C. 1 phase
12	110, 115 or 120 Volt A. C. 1 phase
13	110, 115 or 120 Volt A. C. 1 phase
14	110, 115 or 120 Volt A. C. 3 phase
15	110, 115 or 120 Volt A. C. 3 phase
16	110, 115 or 120 Volt A. C. 3 phase
17	120/208 Volt A. C. 3 phase 60 cycles
18	120/208 Volt A. C. 3 phase less than 60 cycles
19	120/208 Volt A. C. 3 phase less than 60 cycles

TABLE OF  
OPERATING POWER CODES (Continued)

27	208 Volt A. C. 1 phase 60 cycle
28	208 Volt A. C. 1 phase less than 60
29	208 Volt A. C. 1 phase more than 60
31	208 Volt A. C. 3 phase 60 cycle
32	208 Volt A. C. 3 phase less than 60
33	208 Volt A. C. 3 phase more than 60
34	220, 225 or 230 Volt A. C. 1 phase 60 cycle
35	220, 225 or 230 Volt A. C. 1 phase less than 60
36	220, 225 or 230 Volt A. C. 1 phase more than 60
37	220, 225 or 230 Volt A. C. 3 phase 60 cycle
38	220, 225 or 230 Volt A. C. 3 phase less than 60
39	220, 225 or 230 Volt A. C. 3 phase more than 60
41	220/440 Volt A. C. 1 phase 60 cycle
42	220/440 Volt A. C. 1 phase less than 60
43	220/440 Volt A. C. 1 phase more than 60
44	220/440 Volt A. C. 3 phase 60 cycle
45	220/440 Volt A. C. 3 phase less than 60
46	220/440 Volt A. C. 3 phase more than 60
51	440, 460 or 480 Volt A. C. 1 phase 60 cycle
52	440, 460 or 480 Volt A. C. 1 phase less than 60
53	440, 460 or 480 Volt A. C. 1 phase more than 60
54	440, 460 or 480 Volt A. C. 3 phase 60 cycle
55	440, 460 or 480 Volt A. C. 3 phase less than 60
56	440, 460 or 480 Volt A. C. 3 phase more than 60
57	550 Volt A. C. 3 phase 60 cycle
58	550 Volt A. C. 3 phase less than 60
59	550 Volt A. C. 3 phase more than 60
61	2300 Volt A. C. 3 phase 60 cycle
62	2300 Volt A. C. 3 phase less than 60
63	2300 Volt A. C. 3 phase more than 60
64	4160 Volt A. C. 3 phase
65	6600 Volt A. C. 3 phase
66	11,500 and 12,000 Volt A. C. 3 phase
67	13,200 Volt A. C. 3 phase

# TABLE OF OPERATING POWER CODES

81	110, 115, 120 or 125 Volt D. C.
82	110/220, 115/230, 120/240, or 125
83	220/230 Volt D. C.
84	220/240 Volt D. C.
85	440 Volt D. C.
89	Direct Current not elsewhere classified
90	Diesel engine drive
91	Gasoline engine drive
92	Hydraulic drive
93	Pneumatic drive
94	Steam drive
95	Coal or coke fired
96	Gas fired
97	Oil fired
98	Hand or foot powered
99	Operating power not elsewhere classified

Item 11 - Service Code. Enter the  
Navy Service Code (1) in the first  
block (left). Enter in the second  
block (right) the code for the cogni-  
zant procurement bureau or office

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## Bureau or Office

Bureau of Naval Weapons . . . . .  
Bureau of Medicine and Surgery . . . . .  
Bureau of Naval Personnel . . . . .  
Bureau of Ships . . . . .  
Bureau of Supplies and Accounts . . . . .  
Bureau of Yards and Docks . . . . .  
Office of Naval Research . . . . .  
Marine Corps . . . . .  
Secretary of the Navy . . . . .  
Administrative Office, Navy Department . . . . .  
Chief of Naval Operations . . . . .  
Military Sea Transportation Service . . . . .

Item 12 - Acquisition Cost. Enter the  
acquisition cost in whole dollars by drop-  
ping cents, if any. Entries of less than  
six digits will be made so that the last  
digit is entered in the cell block on the

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as may be available locally. The cost of an item will be estimated on the basis of the replacement cost of such an item for the year in which built, as determined in the manner set forth above.

Item 13 - Manufacturer's Serial Number. Enter the Serial Number, assigned by the manufacturer of the Item, utilizing the first (left) cell block. If the item does not have a Serial Number, enter the word "none." DO NOT add zeros in the unused blocks. If there is insufficient space for the Serial Number, enter the first fourteen digits in the blocks provided and enter the complete Serial Number in the space above the blocks. Include dash if part of Serial Number.

Item 14 - Status Code. Enter in the first cell block (left) the applicable Status Code, and in the second cell block the applicable Navy Program Code, selected from the following Table:

#### STATUS CODES

- 1 - Active
- 2 - Leased
- 3 - Standby
- 4 - Active Base Package
- 5 - Package
- 6 - DIER not included under 3, 4 or 5.

#### NAVY PROGRAM CODES

- 3 - Class 3 and Class 4 Plant Property located in a contractor's plant
- 4 - DIER Class 4 Plant Equipment items in a Naval Industrial Reserve Plant or a contractor's

Navy Comptroller  
Chapter 5, Paragraph

If the equipment  
Departmental Res  
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blocks (from the l  
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Plants, NAVEXOS

If DIER, enter  
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enter Code 5 in th  
(from the left); o  
(NOTE: Code 5 is  
the item being rep  
assigned a DRP n  
P-1069, Industrial

Enter in the se  
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ber of the calend  
year in which the  
E.g., Jan "01," N  
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#### Section II - Inventory I

Item 18 - Descrip  
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cable Description  
ilities Inventory  
EXOS P-406, Chap  
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ventary Part "1"

item is operated by means other than electrical, indicate source of power such as air-operated, etc., as a part of the description. Only abbreviations listed below will be used on the Property Record Form.

List all auxiliary and accessory items which are attached to or otherwise a part of the item and required for its normal operation.

Example: Machine equipped with Hydraulic sensitive tracer; hydraulic auto, depth control attachments; hydraulic operated table and ram; auto lubricating system; coolant system.

If the item is for a single purpose, the description of the item will be entered on the drawing or as a general description of the item being described, the relationship to the fully explained space is required entry, attachments include the

Date  
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### LIST OF ABBREVIATIONS FOR PROPERTY RECORD

If abbreviations are used in the preparation of DD Form 1342 the following shall be used to the extent applicable:

abrasive	abrav	attach
accessory	acsy	automatic
accumulate	accum	auxiliary
acetylene	acety	back gear
action, activate		ball bearing
or activity	act.	barrel(s)
addition	add.	base work
adjust	adj	between
adjustable rail		bevel
type	adjrl	blanking
advance	adv	block
aggregate	aggr	boring, d
Air Force, Department of the		and mill
alternating current	AF	
American Std. Taper	AC	bracket
ampere	AST	brake horn
and	amp	breaker
angular or angular	&	bridge on
spindle		type
angular head type	aglr	Brothers
	aglrhd	Brown & Sh
		buffing

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-- continued: Abbreviations for use in the preparation of  
Record Forms (DD Form 1342 and DD Form 1342-1)

casting	cstg	cubic feet per min
cast iron	CI	cubic feet per
cast steel	CS	second
cathode ray	cr	cut-off
center	ctr	cycle
center drive	ctr drv	cylinder or cyl-
centerless	ctrles	indrical
center line	c/l	deep (depth)
center to center	cc	Defense, Depart-
Centigrade	C	ment of
centimeter (s)	cm	degree Centigrade
centrifugal	cent.	degree Fahrenheit
chamfer	cham	develop or devel-
chemical	chem	opment
circular	cir	degree
circumference	circ	diagonal
clockwise	cw	diameter
collect	coll	diametrical pitch
column	col	diamond
combine or combina-		dimension(s) (al)
tion	comb.	direct current
Company	Co	direct drive
complete	compl	Directory of Mater-
component or com-		ials Handling
pound	comp	Equipment
compressor	compr	Directory of Metal-
concentric	conc	working Machinery
condenser	cond	Directory of Weld-
connect	conn	ing, Head Cutting
consist of	c/o	and Metalizing
construct	const	Equipment
contact	cont	discharge
contain	cnt	District (proper
continuous	contus	name)
contour	ctr	Division (proper
control	cont	name)
controlled	contd	division
convert	convt	double
conveyor	cnvr	double end
Corporation	Corp	down
corrugate	corr	



206245

-- continued: Abbreviations for use in the Preparation of Record Forms (DD Form 1342 and DD Form 1342-1)

electro-mechanical	elecmech	heavy
engine	eng	heavy
engineer	engr	height
engraving	engrv	hexagonal
equipped or equipment		high
estimate	equip	hollow
exclude (s)(ed)(sive)	est	horizontal
(ing)		zone
exhaust	excl	horizontal
expansion	exh	type
expediting prod	exp	hours
funds		hour
extend	epf	house
extension	ext	hydraulic
external	extn	hydraulic
extrusion	ext	hydraulic
fahrenheit	extr	inch
feet (foot)	F	inches
feet per min	ft	inclined
finish	fpm	included
first	fin	income
fixed	lst	independent
fixture	fxd	induction
fixed die type	fix	industrial
fixed rail type	fxddi	inside
flange	fxdrl	insulation
flaring	flng	instrument
flexible	flrg	interest
floor or floor	flex	iron
type		jogging
flywheel	fl	joint
foot (feet)	flywh	kilometer
for example	ft	kilovolt
forging	e.g.	kilowatt
fork	forg	kilowatt
form milling type	fk	knuckle
form or form turning	fmmill	knuckle
foundry		labor
frame	fm	left
frequency	fdry	left
front to back	fr	left
	freq	length
	f-b	light

-- continued: Abbreviations for use in the preparation of Property  
Record Forms (DD Form 1342 and DD Form 1342s)

maximum	max	ounce	oz
measure	meas	outside diameter	od
mechanical or		over	o/
mechanism	mech	overdrive	o/drv
medium	med	overhang	o/hang
medium duty	med-dty	oxygen	oxy
megacycle	mc	package	pkg
military	mil	package plant	pkg-p
millimeter(s)	mm	package line	pkg-l
minimum	min	pair	pr
minute	min	part of	p/o
mission arsenal	mars	pedestal	ped
model	mod	EEQUA - Production	
modify	mod	Equipment Agency	
Morse Taper	MT	(Army)	
motor	mtr	percent	%
motor driven	mtr drv	phase	ph
motor generator	mtr gen	pinion	pnn
mounted	mtd	pitch	p
mounting	mtg	pitch diameter	pd
moveable	movl	plain	pl
multi-cycle	m-cy	planetary	plny
multi-press	m-prs	plant	plt
multi-production	m-prod	plate	pl
multi-speed	m-spd	pneumatic	pneu
multi-spindle(sub-		point	pt
stitute number of		polish	pol
spindles for word		portable	port
multi-i.e., 6-spd	multi)	position	pos
multiple	multi	positive	pos
multiple head type	m-hd	potentiometer	pot
National	Natl	pound(s)	lb or lbs
National Electric-		pounds per sq inch	psi
cal Manufactur-		power	pwr
er's Association	NEMA	precision	prec
National Std Taper	NST	press type	pt
Navy, Department		pressure	press
of the	Navy	primary	pri
Navy Production		product or produc-	
Equipment Con-		tion	pro
trol Office	NAVPECO	Production Equip-	
nipple	nip	ment code	PEC
non-automatic	non-auto	profile	prof
not applicable	N/A	projectile	proj
not available	N/Av	projection or	
number	no	projector	proj
opening	opng	propelled	prop
open-back	O-bk	pulley	pul
open--rod type	o-rd	pull down	p/d/
opposite	o-side	pull down stand	
operate or operation	oper	type	pdst
opposite or opposed	opp	pull up	p/u
optical	opt	push down	psd
optical projection	opt proj	push up	psu
organization	orgn	push up table	
oscillate	osc	type	psuthl

-- continued: Abbreviations for use in the preparation of Property  
Record Form (DD Form 1342 and DD Form 1342s)

pyramid	pyr	slide	sl
quadruple	quad	sliding bed	sldb
quantity	qty	slitter	slt
quarter	qtr	slitting	sltg
quick change	qc	solenoid	sol
radius and radial	rad	space	sp
rail or rail type	rl	special	spec
ratchet	rtc	special purpose	sp
reciprocal or re-		specification	spec
ciprocate	recip	specimen	spem
recirculate	recirc	speed	spd
rectangular	rect	spindle	spdl
rectifier	rect	spiral	spi
refrigerate	refr	spline	spl
regulator	reg	splined shafts	splsft
relief	rel	square	sq
removable or re-		squeeze	sqe
moving	rem	stainless steel	stnstl
reproduce	repro	stamping	stmp
reverse or re-		standard	std
volution	rev	standby line or	
revolutions per		plant	stby
min	rpm	station or sta-	
rheostat	rheo	tionary	sta
right	r	steel	stl
right angle	ra	straight	str
right hand	rh	straight sided	
right to left	r--l	housing	strsdhsg
Rock Island Ar-		streamlined	stmld
senal	RIA	stretching	stchg
roller-die	rl--die	stripping	strp
rotary or rotate	rot	stroke	str
rotary--die type	rot-die	strokes per min	spm
rotary table		super productive	supprod
type	rot-tbl	supersensitive	ss
rotating-cyl-		support	sup
indrical-die		surface feet per	
type	rot--cyl-die	min	sfm
rotating-cyl-		suspend	susp
indrical-disk		swaging	swag
type	rot-cyl-disk	swing	swg
round	rd	swivel	swv
saddle	sdl	swivel head	swvhd
screw cutting	scrct	system	sys
screw feed	scrfd	table	tbl
second or second-		table travel	tt
ary	sec	table work sur-	
self-contained	sfcntn	face	tw
semi-automatic	sm-auto	tank	tk
sensitive	sstv	taper per foot	tpf
serial	ser	taper per inch	tpi
serial number	sn	temperature	temp
shrinking	shr	template	temp
single	sgl	thick(ness)	thk
single end	se	thinner	thin

-- continued: Abbreviations for use in the preparation of Property  
Record Forms (DD Form 1342 and DD Form 1342s)

thread	thd	up-moving	up-mv
throatless	thtls	upright	uprt
tilting	tlt	upsetting	upsetg
toggle	tgl	used on	u/o
ton	T	used with	u/w
tool	tl	utility	ut
toolmakers	tlmkrs	vacuum	vac
toolroom	tlrm	variable	var
tracer	tr	vertical	vert
track	tck	vertical ram	
trailer	trlr	type	vertram
transfer or trans-		vibrate	vib
portation	trans	volt	v
transformer	transf	volume	vol
transmitter	tmtr	Warner Robbins Air	
transverse	trav	Material Area	
travel	trl	(Air Force)	WRAMA
traveling hous-		watt	w
ing	tvlnsg	watt-hour	wh
trepanning	trepng	way type	way
triple or		weight	wt
triplicate	tri	wheel	whl
truck	trk	wide, width	w
trunnion	trun	with	w/
turbine	turb	without	w/o
turret	tur	work	wk
ultrasonic	ultra	working	wkg
underdrive	unrdr	works	wks
underslung	unrslg	yard	yd
universal	univ	year	yr

Item 19 - Manufacturer's Designation.  
Enter the manufacturer's model, style, or catalog number for the equipment being reported. Always use model number if available. Style number would be next in preference. When the manufacturer does not assign a model, style or catalog number, the word "none" will be inserted.

Item 20 - Contract Number. Enter the contract number under which the contractor is accountable. In the case of Office of Naval Research contracts, include the task number, e.g., NOmr 250(01).

Item 21 - End Item. Enter in this space the abbreviated nomenclature and model number of the major component and end item for which the equipment is utilized or held in reserve. For example: "Track, Tank, T84." Use of the term "General Use"

in the end item block only when the equipment is generally used for more than one end item. If the end item cannot be reflected on the DD Form 1342 for security reasons, indicate "Classified."

Item 22 - Administering Office. Enter the code which identifies the office administering the contract. Select the code from the Directory of Offices, Material Inspection Service, USN, NAVEXOS P-575.

Item 23 - Dimensional Data. Enter the length, width, height and square feet to the nearest foot, as item is normally stored, including skid. Weight will be recorded to the nearest hundred weight and may be estimated. This data shall be reported for all Class 4 Plant Property and for all Class 3 Plant Property having an acquisition cost of \$500 or more.

Item 24 - ASOD (Assistant Secretary of Defense) Approval Number. Enter the ASOD Approval Number when Status Code 3, 4 or 5 has been entered in the first (left) cell block of Item 14. This number will normally be found on prior transfer, shipping or reporting documents.

Item 25 - ASOD Approved. Enter date, abbreviated month, and last two digits of year that Assistant Secretary of Defense (Installations and Logistics) assigned an ASOD Approval Number, when Status Code 3, 4 or 5 has been entered in the first (left) cell block of Item 14. This date will normally be found on prior transfer, shipping or reporting documents.

### Section III - Acquisition and Transfer

Item 26 - Authority for Acquisition or Transfer and Date. For Class 4 Plant Property acquired by purchase, enter the Navy Production Equipment Control Office (NAVPECO) Certificate of Nonavailability number. If acquired by transfer from idle status, enter the Production Equipment Redistribution Group (PERG) or NAVPECO Authorization number and date. If acquired by transfer from "in use" status, enter the shipment order number or other authorizing document reference number.

For Class 3 plant property enter the requisition or other authorizing document reference number under which the item was obtained.

Enter the word "CONVERSION" when DD Form 1342 replaces NAVCOMPT Form 278. (See j.1 above.)

Item 27 - Contract for Purchase and Date. Enter the Government contract number under which the item was purchased by the Government or acquired by a contractor for the account of the Government. When the acquisition contract number is not available, enter the earliest source data available. Source data includes requisitions and/or purchase documents, letters, invoices, or other

authorizing documents. This information will remain unchanged on all subsequent DD Forms 1342 prepared for the item.

Item 28 - New-Used. Enter an "X" in the appropriate block to indicate whether the item was new or used when purchased or received by the Navy for the first time.

Item 29 - Consignor. Enter name and address of the activity or contractor's plant from which the item was shipped.

Item 30 - Consignee. Leave blank when reporting acquisition. Complete when reporting a transfer of accountability by inserting on the retained copies of the DD Form 1342 the name and address of the activity to whom the item was shipped.

Item 31 - Consignor Voucher Number and Date. If acquisition by purchase, leave blank; otherwise, enter date and voucher number on which the item was received (incoming shipping document).

Item 32 - Consignee Voucher Number and Date. Leave blank when reporting acquisition. Complete when reporting a transfer of accountability by inserting on the retained copies of the DD Form 1342 the date and voucher number on which the item was shipped (outgoing shipping document).

Item 33 - Account Number. Enter the accounting number assigned to the contractor holding the contract providing for the item being reported. (Select from Navy Comptroller Manual, Vol. 2, Chapter 5, Paragraph 025206.)

Item 34 - Data Received. Insert the actual date (day and abbreviated month and year) on which the item was physically received by the consignee.

Item 35 - Cost Increase. Leave blank.

Item 36 - Cost Decrease. Leave blank.

Section IV - Disposition Data. Leave blank

when reporting acquisition. Complete, when reporting disposition other than transfer of accountability within DOD, by inserting appropriate data on the retained copies of the DD Form 1342.

Item 37 - Consignee. If the item is transferred to other than a DOD activity, insert name and address of consignee.

Item 38 - Disposal Authority and Date. Identify the disposal activity and the document and date disposition was authorized. For Class 4 plant property, enter the AFSSC DOD Control Number.

Item 39 - Type of Disposition and Proceeds. Enter an "X" in the appropriate space to indicate type of disposition. If disposal was by sale, insert amount of proceeds realized. Obtain information from the disposal invoice or document.

Item 40 - Voucher Number and Date. Insert voucher number and date (day, abbreviated month, year) of the document which effected the shipment to consignee noted in Item 37.

Item 41 - Title Transfer Date. Enter date title was transferred to donee or purchaser, if readily available; otherwise enter date of delivery to donee or purchaser. Where applicable, enter date of destruction or abandonment.

Item 42 - Section V - Electrical Characteristics. To be completed for all Class 4 plant property items which include electrical motors. Insert quantity of each type and electrical characteristics of all motors. List main motor first.

Section VI through X. These sections shall not be completed.

k. Effecting Changes in Reported Data for Items of Class 3 and Class 4 Plant Property

1. Use of DD Form 1342 as an Inventory Change Report. DD Form 1342 shall be used to effect changes to information recorded on a previously

submitted form reporting the acquisition of Class 3 and Class 4 plant property. The maximum number of changes authorized for one time reporting, or on a cumulative basis, shall be limited to 10 items of information on any one Property Record Form. When the number of Items changed would exceed 10, an updated DD Form 1342 shall be prepared. The updated form shall be completely filled out and the word "UPDATED" typed in the heading of the form. The instructions in this subparagraph are not applicable to initial inventory reports (acquisitions) designated as both inventory and change reports or to transfer of accountability reports.

2. Manner of Effecting Changes. An inventory change report shall be used to make necessary pen and ink changes to applicable DD Form 1342 or to otherwise alter the previously submitted property record form. The corrected data shall be inserted in the appropriate space, if possible, immediately above the previously recorded data. The previous entry shall be ruled out but not obliterated.

3. Preparation of Inventory Change Report (DD Form 1342).

Heading. Enter an "X" in the Change block only.

Items 1, 2, 3, 5 and 7. Enter the data for items 1, 2, 3, 5 and 7 as previously entered in Section I of the form. In the event the changes apply to data previously submitted for these items, enter the changed data in Section II, Item 18. Example:

Change Item 1 to \_\_\_\_\_  
Item 3 to \_\_\_\_\_

Changes. Enter in the respective block(s) for the item(s) to be changed the data to be substituted for that data previously submitted.

Item 17. Enter the date of the Change, and name, address and code of the contractor preparing the change.

(The code for the preparing contractor shall be obtained from blocks 8 through 12 of Item 7 of the previously submitted DD Form 1342.)

Item 42. A change report shall not be submitted for a change in data under this item unless it applies to the main drive motor, or other primary input electrical characteristics.

1. Code Request. DD Form 1342, which replaced DD Form 819, will not be used for requesting codes for Class 4 plant property. Incomplete codes shall be used if complete data are not available. The available portion of the code shall be entered in the appropriate blocks of Section I of the form. NAVPECO will prepare code requests when necessary and furnish complete data to reporting activities.

m. Reconciliation of Records. The contractor's (or inspection office) records shall be reconciled with the property records maintained by the accountable activity at the completion of physical inventory at the contractor's plant. The contract administrator shall notify the accountable activity in writing that the physical inventory has been completed and shall obtain from the accountable activity such data as the total number of items, the dollar value of cards, etc., as are necessary to insure that the same cards are held in both places. If discrepancies are revealed on initial reconciliation, a detailed comparison of the cards held at both places must be made in order to determine the cause and to eliminate the discrepancy. The report of inventory completion and reconciliation of records described herein shall be accomplished on a contract-by-contract basis.

n. Reporting Transfers and other Dispositions of Plant Property under the Navy Inventory Control System. Concurrently with carrying out instructions for the transfer or other disposition of plant property, each property administrator shall complete the retained copies of the property record form in the appropriate sections and effect distribution in accordance with the following instructions:

1. Plant Property Classes 1 and 2. The property administrator shall for-

ward the retained copy of the property record card to the appropriate district public works officer. The same procedure shall be followed in connection with temporary ingrant and outgrant cards.

2. Plant Property Classes 3 and 4. The retained copies of DD Forms 1342 completed to report transfer of accountability or other disposition shall be distributed in accordance with paragraph o. below. The requirements of Bureau of Supplies and Accounts Manual, paragraph 28704, shall be followed with regard to the preparation and distribution of invoices, DD Form 1148 or DD Form 1149, whichever is applicable. See 206324 with regard to certain notations to be made on accounting documents with regard to lost, damaged or destroyed plant property and the methods of reimbursement by the contractor where liability has been established.

3. Disposition of automotive and construction equipment procured under NOy contracts. In addition to the action required in subparagraph 2, above, the property administrator shall prepare a letter report of disposition data, including the applicable accounting number, Navy identification number, type of equipment, and reason for disposition. This letter report will be forwarded to the District Public Works Office, Automotive Transportation Division, or to the Chief, Naval Air Training Command.

4. Procedures for reporting and disposal of Government Property. The details of reporting and disposal actions which must be initiated by the property administrator upon completion of a contract or subcontract, or upon a determination that government property is no longer needed for the purpose for which it was furnished or acquired, are contained in Chapters 11 and 12. Chapter 11 also discusses the action to be taken with regard to the preparation of final inventory schedules and DD Forms 1342s by the contractor and the processing and review of such schedules by the field office upon contract completion.

o. Distribution of Property Record Cards (DD Form 1342) for Plant Property Classes 3 and 4. After preparation, DD Forms 1342 reporting acquisitions (initial inventory report) and changes (inventory change report) shall be distributed as follows by the property administrator:

1. Three copies shall be furnished to the accountable activity. The submission of forms to the accountable activity shall be covered by an appropriate letter of transmittal, and the submission shall be by contract numbers.

2. Two copies will be retained by the contractor. When required in accordance with paragraph c. above, one copy shall be furnished the contractor and one copy retained by the property administrator.

Distribution of transfer of accountability reports and inventory disposal reports (not to be confused with Inventory Disposal Report, NAVEXOS 3575) shall be accomplished as follows by the property administrator:

Transfer of Accountability. Items 30 and 32 of the retained copies of DD Form 1342 shall be completed. One copy shall be forwarded to the accountable activity; one copy shall be forwarded to the consignee.

Inventory Disposal Report. Items 37, 38, and 40 of the retained copies of DD Form 1342 shall be completed. One copy shall be forwarded to the accountable activity; the remaining copy shall be destroyed.

With respect to plant equipment located at a subcontractor's plant or at a contractor's secondary site, one copy of the property record form shall be furnished to the subcontractor (or to the contractor at his secondary site) and four copies shall be furnished to the property administrator. The property administrator shall forward one copy to the contractor and the other three copies to the accountable activity. Generally, the assistant property administrator should not maintain a copy of the property record forms except

as provided in paragraphs b. and c. above. See paragraph r. below, for consideration of the functions of the assistant property administrator with respect to industrial equipment located at a subcontractor's plant or at contractors' secondary sites.

Where the property administrator has required the contractor to maintain individual item records on DD Form 1342 of Class 3 plant property having an acquisition cost of \$200 or more and less than \$500, copies of the form shall not be forwarded to the accountable activity. However the property administrator may maintain a copy if considered necessary to protect the Government's interest.

p. Time of Submission of Property Record Forms (DD Form 1342). Property record forms (DD Form 1342) shall be forwarded to the accountable activity as soon as possible after the acquisition or disposition reported, but no later than the eighth calendar day of the month following the month in which the property is acquired or disposed of.

q. Distribution of Property Record Cards for Plant Property Classes 1 and 2. The requirements with regard to the number of copies, distribution and forwarding of property records for plant property classes 1 and 2 are as follows:

1. Land--Plant Property Class 1. Property Record cards for Land--Plant Property Class 1 are prepared by the appropriate district public works office and distribution accomplished in accordance with the instructions in the Navy Comptroller Manual, Volume 3, Chapter 6.

2. Buildings and Improvements--



Plant Property Class 2. Property record cards for Navy-owned buildings and improvements shall be prepared in quintuplicate, unless they are for buildings and improvements located in departmental reserve plants acquired for exclusive use in the storage of National Stockpile materials; in which case, the property record card shall be prepared in sextuplicate. Property record card sets for Navy-owned buildings and improvements shall be transmitted to the appropriate District Public Works Office.

3. Temporary Ingrant and Outgrant Cards. Temporary ingrant and outgrant cards are prepared by the appropriate District Public Works Office and distribution is accomplished in accordance with the instructions contained in the NAVDOCKS P-78.

r. Reporting Navy-Owned Plant Property in the Possession of Subcontractors or at a Contractor's Secondary Site. In accordance with Section 3, Part B and Section 5, Part C, of this chapter, whenever Navy plant property is to be located at a subcontractor's plant or at a contractor's secondary site the contractor shall be requested to establish separate property accounts there, and an Assistant Property Administrator shall be appointed to perform property administration functions there. In these circumstances the accountable activity for the contract is the only accountable activity involved and the Contract Administrator of the contract still maintains overall responsibility for administration. However, the Assistant Property Administrator assumes responsibility for the preparation of property record forms for the equipment at the subcontractor's plant or the secondary site and has other responsibilities which aid the Property Administrator in the administration of the contract.

1. Division of responsibility between Property Administrator and Assistant Property Administrator. The Property Administrator shall inform the Assistant Property Administrator of the facts concerning:

(a) The items of plant property which the contractor is to furnish to the subcontractor or contractor's secondary site by forwarding shipping orders and other appropriate documents.

(b) The subcontractor's responsibility or the contractor's responsibility at the secondary site for affixing identification mediums and the information to be placed thereon. If a plant property item is first brought under the Navy plant account when the subcontractor or the contractor's secondary site receives it, an identification number will have to be assigned. The contractor's accounting number is to be used in the prefix of the ID number even though the subcontractor or secondary site has an accounting number which is used when it is a contractor. Further, the Property Administrator must provide the Assistant Property Administrator with information and advice as to the suffix numbers so that there is no duplication of ID numbers.

(c) The preparation of property record forms (DD Form 1342). Accounting numbers, code numbers and other entries are the same as they would be if the equipment item were located at the contractor's plant except that in Item 8 (Present Location) of DD Form 1342 the name and address of the subcontractor or secondary site shall be entered below that of the contractor. The contract number on the property record form will be that of the contract.

(d) The Property Administrator shall provide the Assistant Property Administrator with such other pertinent information as may be required to accomplish administration at the subcontractor's plant or at the contractor's secondary site.



2. Responsibilities of Assistant Property Administrator. The Assistant Property Administrator shall assist the Property Administrator by assuming responsibility for:

- (a) Inspecting, when required, the plant property provided by the contractor to the subcontractor or secondary site, upon receipt;
- (b) Inspecting the installation of such plant property;
- (c) Insuring that identification mediums and identification information are properly affixed;
- (d) Insuring that property record forms are properly prepared;
- (e) Complying with such other requests as are made by the Property Administrator.

The distribution by Assistant Property Administrators of property record forms for equipment is set forth in paragraph o. above.

#### Section 5. RECORDS TO BE MAINTAINED BY THE CONTRACTOR (ASPR APP B 304)

The contractor is responsible for maintaining adequate property control records for all Government property provided him, in accordance with the requirements of Appendixes B or C of ASPR, as implemented below, and in accordance with all other requirements of the contract.

#### 206250. Records of Material

a. For adequate control of material, sound business practice requires that the contractor maintain a perpetual inventory form of stock record whenever there is a significant amount of inventory at his plant. Such records provide immediately available information of the current status of material. If properly established and maintained, such records further provide internal checks over the custodian(s) of the inventory and other contract personnel, such as purchasing and production. In addition, they furnish information essential to purchasing and production control and facilitate the taking of physical inventories. The periodic physical

inventory, in turn, confirms or corrects the accuracy of the stock records and provides an additional basis for judging the adequacy of the contractor's records and property control procedures.

b. Stock Records for Government-Provided Material. For Government-provided material, the contractor's records must contain the information set forth in ASPR Appendix B, Paragraph 304.1(a) or Appendix C, Paragraph 207.3 and a specific indication of Government ownership. The information must be recorded on stock records (defined in ASPR Appendix B, Paragraph 103 and in Appendix C, Paragraph 103.7), except in the circumstances set forth in the Appendixes, implemented in paragraph f. below, in which the underlying receipt and issue documents may be used by contractors in lieu of stock records. However, it is a recognized practice of many contractors to record the unit price of property on other than the quantitative inventory record, thus requiring the use of supplementary cost records to ascertain unit prices. Under such circumstances, the Property Administrator may rely upon the supplementary records which contain such information.

c. An example of a form of perpetual inventory record designed to meet the requirements of the ASPR Appendixes is illustrated on page 6-68. The type of information that must be recorded generally makes it necessary that the contractor have a separate stock record card (or sheets) for each type of material. Without such separation, the computation of balance on hand for the various types of material is impracticable and control is weakened.

d. Records for Government-provided material under more than one Navy contract may be consolidated by the contractor when authorized by the Property Administrator, subject to the requirements of Paragraph 304.1(b) of Appendix B or Paragraph 207.9 of Appendix C. However, authority to consolidate stock records to include property of other services shall be granted only by the contracting officer.

e. Further consideration of the procedural and operational aspects of the contractor's record-keeping system is set forth in Section 2 of this part and in the review check lists at the end of this chapter. Both the informational and the operating

On Contract Nobs 12345, which is ABC Company's job number 74, the material record for Tube VT18A is exhibited. The following transactions took place in the account:

- a-8/1/58 received 100 @ \$2.25 on purchase order number 2745
- b-8/6/58 issued 25 to production on requisition number 74-3
- c-8/15/58 transferred 22 from contract Nobs 54321 @ \$2.25 on invoice 000789
- d-8/16/58 issued 90 to production on requisition 74-19
- e-8/17/58 returned 4 defective tubes received on purchase order number 2745 on credit memo 74-2 @ \$2.25
- f-8/26/58 residual inventory transferred to contract Nobs 34521 on invoice number 000872 --- 3 tubes @ \$2.25

TUBE VT18A (Government Property)						
Nobs 12345 Contract No.		Nomenclature			Job No. 74	
Date Received or Issued	Posting Reference	Quantity			Unit Price	Location
		Received	Issued	Balance		
a 8/1/58	P/O 2745	100		100	\$2.25	#3 Stores
b 8/6/58	Req'n. 74-3		25	75	2.25	#3 Stores
c 8/15/58	Inv. 000789	22		97	2.25	#3 Stores
d 8/16/58	Req'n. 74-19		90	7	2.25	#3 Stores
e 8/17/58	Cr. Memo 74-2		4	3	2.25	#3 Stores
f 8/26/58	Inv. 000872		3	0	2.25	-----

Figure 6-13. Example of a Perpetual Inventory Record

aspects of the contractor's system are of equal importance in determining whether the contractor maintains adequate records. The system of record-keeping is a combination of the two.

f. Use of Receipt and Issue Documents. A file of appropriately cross-referenced documents representing receipt, issue, and adjustments of Government-provided material may be used in lieu of stock records of material when this is consistent with generally accepted accounting practices and where there is a low frequency of receipt and issue. Use of this method of control may be authorized by the Property Administrator for the following material:

1. material issued immediately for use on receipt thereof;
2. property under research and development contracts;
3. nonstock or special items (including those items whose procurement cycle is irregular and infrequent as well as items used in manufacturing or maintenance or office supplies, etc.);
4. items (such as maintenance or repair parts to plant equipment) which are procured and issued for installation upon receipt and which involve no spoilage;

5. items which are not allocated to the contract until issued from contractor's inventory directly to production, maintenance, etc.

The requirement that the receipt, issue, and adjustment documents used in lieu of stock records be appropriately cross-referenced is interpreted as follows: All transactions of receipt, issue, and adjustment (contained in purchase orders, invoices, requisitions, credit memos, or otherwise) must be readily and quickly ascertainable from the contractor's files. The records of receipt, issue, and adjustment documents are not adequate if to determine the status of any material it is necessary to trace through irrelevant documents or to select documents from many places in the files. In certain circumstances the requirements for receipt, issue, and adjustment documents may be satisfied by stapling the relevant documents together or by filing them in the same folder, with suitable notations. Written cross-references may be adequate alone, but only if all transactions are referenced and may be quickly located. In addition, the contractor's filing of receipt, issue, and adjustment documents must provide an efficient method of determining the total quantity of all like material under a contract. That is, all purchases of a type of Government-owned material for a contract must be appropriately cross-referenced as described here. If receipt, issue, and adjustment documents are inadequate, stock records may be required.

#### 206251. Special Tooling

The requirements of ASPR Appendix B, Paragraph 304.2, and Appendix C, Paragraph 306(a), as applicable, shall be followed in connection with record-keeping for special tooling. In addition the records should reflect the condition of the special tooling at the time acquired by the contractor.

#### 206252. Custodial Records

Custodial records for tool crib items, guard force items, protective tooling, and other items issued for use under the contract shall, as a minimum, provide the following information:

1. contract number;
2. description;
3. quantity;

4. cost;

5. issuance and return data, including:
  - items issued,
  - date of issue,
  - signature of person to whom issued,
  - date of return, and
  - signature of person accepting return.

#### 206253. Property Records for Publications, Pamphlets, and Other Data

See Section 304.6, Appendix B of ASPR. Unless it is necessary to exercise special controls, detailed accounting records will not be required for such data as paperbound volumes; manuals; bulletins; circulars; pamphlets; magazines; periodicals; serial publications; manufacturing drawings; installation, operation, and repair maintenance instructions; or other similar data and information furnished by the Government to the contractor. However, the contractor will insure proper use of such data by maintaining property control and accountability therefor in accordance with sound industrial practice. Sound industrial practice for control of such items normally requires the use of a charge-out system by card or receipt, which limits the use of the data to authorized contractor personnel and provides the means for prompt determination of the location of the item. In addition, the system should provide for periodic checks of the items which have been charged out to personnel in order to determine their availability.

#### 206254. Contractor's Records of Equipment Which the Navy Records on Property Record Forms (DD Form 1342)

Property records on DD Form 1342 shall be prepared and maintained by the contractor for plant equipment items having a unit cost of \$500 or more, exclusive of installation costs. However, the Property Administrator may require that the contractor maintain records of plant equipment having an acquisition cost of \$200 or more but less than \$500, on DD Form 1342, which are considered necessary for the effective control of the property, and he may authorize maintenance by the contractor of such records as the contractor may desire to maintain. The contractor's records must be kept current and all changes in recorded data must be reported.

206255. Contractor's Records of Plant Equipment Costing \$200-\$499 and of Minor Plant Equipment

The contractor's records of plant equipment having an acquisition cost of \$200 or more but less than \$500 and minor plant equipment, where accountable under ASPR Appendix B, shall be maintained on a summary basis, except in cases where individual item records are necessary for effective control or are desired by the contractor. Whichever method is used, the contractor's records for this property shall provide the following minimum information:

1. Nomenclature and description of item
2. Contract number under which accountable
3. Quantity received or fabricated
4. Acquisition reference and date
5. Quantity disposed of
6. Disposition reference and date
7. Balance
8. Acquisition cost
9. Model number
10. Manufacturer's serial number
11. For plant equipment costing \$200-\$499, identification number in accordance with Paragraph 206313
12. For minor plant equipment, identification number only if contractor's procedures provide for numbering.

The contractor's records of plant equipment costing \$200-\$499 and minor plant equipment, where accountable under the terms of ASPR, Appendix C, shall be in accordance with C-207.4 and C-207.5, as appropriate, except that an identification number in accordance with Paragraph 206313 shall also be maintained. (See also ASPR B-304.3 and C-306.)

206256. Contractor Records of Real Property

Contractor records of land, buildings, and improvements thereto shall be maintained in accordance with ASPR Appendix B, Paragraph 304.4, or Appendix C, Paragraph 306(d), as applicable and in accordance with current Bureau of Yards and Docks Instructions and the Navy Comptroller Manual.

206257. Financial Control Accounts

The Property Administrator shall insure that contractors maintain the financial control accounts described in Para-

graph 304.7 of Appendix B of ASPR. As a minimum, these accounts shall consist of a journal of transactions in which is recorded a description of the property, beginning dollar balance, acquisitions and dispositions, and ending dollar balance.

206258. Records of Scrap

Records of scrap or salvage generated may be kept in accordance with the contractor's system of scrap or salvage control, if approved in writing by the Property Administrator. (See Section 5, Part D.)

206259. Records at Subcontractors' Plants and at Contractors' Secondary Sites

The contractor shall be required to establish separate property accounts located at plants of subcontractors, lower tier subcontractors, and at contractors' secondary sites when one or more of the following apply:

1. when industrial facilities will be located at plants of subcontractors, lower tier subcontractors, or at contractors' secondary sites;
2. when the quantities and value of property, other than industrial facilities, or the nature of the property at plants of subcontractors, lower tier subcontractors, or contractors' secondary sites is such that more extensive control is necessary;
3. when a subcontractor or a lower tier subcontractor has a cost-reimbursement type subcontract under a cost-reimbursement type contract. This applies only to subcontracts under the terms of which Government property is provided to the subcontractor.

In these circumstances an Assistant Property Administrator shall be appointed as provided in Paragraph 206132. Timely planning is required to determine the need for such action.

Section 6. NUMBERING PROPERTY ACCOUNTS (ASPR APP B 305)

206260. Assignment of Property Accounting Numbers

Property accounting numbers are assigned to each contractor possessing Government-owned plant equipment. The Navy Comptroller Manual, Volume 2, sets forth in Paragraph 025206 a list of contractors and their accounting numbers. Requests for assignments, corrections, or removals of accounting numbers shall be directed to the Comptroller of the Navy in accordance with Navy Comptroller Manual, Volume 2, Paragraph 025003.

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## PART D. MISCELLANEOUS PROVISIONS

Section 1. IDENTIFICATION AND COM-  
MODITY CLASSIFICATION  
MARKING (ASPR, APP B 401)206310. Requirement for Property Identifi-  
cation and Marking

a. All Government property shall be identified and marked by the contractor upon receipt in accordance with the requirements of ASPR Appendix B, Paragraph 401, or Appendix C, Paragraphs 209 and 307, as the case may be, except that these paragraphs do not apply to end items produced under the terms of the contract, which will be identified and marked in accordance with other contract provisions.

b. Government-furnished property generally will be marked and identified as such, prior to its shipment to the contractor. The Property Administrator in cooperation with the contractor shall arrange for the marking and identification of Government-furnished property which is received without identification markings. Contractor-acquired property shall be identified and marked by the contractor in accordance with the contractual provisions and this section. When the terms of a contract do not provide for identification and marking without reimbursement, and the contractor is not willing to cooperate, assistance will be requested from the accountable activity with respect to requisitioning the identification mediums. Affixing of the identification mediums in this case will be the responsibility of the Property Administrator.

206311. Material, Special Tooling, and  
Minor Plant Equipment

Material, special tooling, and minor plant equipment shall be identified as Government property, and the Navy shall be shown as the funding and controlling activity by marking with the words "USN Property." To the extent practicable, it is intended that all such Government property shall be so marked. However, the Property Administrator may waive the identification and marking requirements for material, special tooling, and minor plant equipment when:

1. it is inconsistent with the specific terms of the contract;

2. no property of the same type, at the same location, is owned by the contractor, his employees, or contracting agencies other than the Department of the Navy;

3. such marking would be detrimental;

4. the property is of the bulk type or, by its general nature of packing or handling, precludes adequate marking;

5. specific identification and marking defeat the purpose behind granting approval to commingle (note, however, that waiver for this reason requires the approval of the Contracting Officer under contracts subject to Appendix C.);

6. adequate physical control is maintained over tool crib items, guard force items, protective clothing, and other items issued for use by individuals in the performance of their work under the contract.

206312. Other Identification marking of  
Material, Special Tooling and  
Minor Plant Equipment

The contract terms or instructions of the Contracting Officer may require additional identification and marking. Unless otherwise specified, special tooling and minor plant equipment may also be numbered in accordance with the contractor's system as approved by the Property Administrator; however, the numbering used by the contractor must not be susceptible to confusion with any numbering required by the Government on the particular property. Moreover, numbers assigned by the contractor to minor plant equipment should not be susceptible to confusion with numbers assigned to plant equipment (Plant Property Classes 3 and 4) in the Navy Plant Property Account.

## 206313. Industrial Facilities

- a. Land (Plant Property Class 1). This property shall be identified by descriptive means only.

- b. Buildings and Improvements (Plant Property Class 2). This property shall be identified in accordance with the applicable instructions of the Bureau of Yards and Docks.

- c. Plant Equipment (Plant Property Classes 3 and 4). Under the Navy inventory control



system for plant property, specific identification is required of each item of plant equipment included in Plant Property Classes 3 and 4. Such identification is permanent regardless of interactivity or intra-activity transfers of the property. The required identification makes possible the maintenance of property record cards for individual equipment items and facilitates the taking of physical inventories, the selection of specific items for transfer, and the over-all control of such equipment. It further permits the identification of equipment items in shipment orders, invoices, and other documents without detailed description of the equipment items involved.

1. Identification mediums. The identification medium for plant equipment (Plant Property Classes 3 and 4) shall be a metal tag affixed directly to the equipment. When it is impractical to use a metal tag, identification may be effected by using indelible ink, acid or electric etch, steel die, decalcomanias, or by some other legible, permanent, conspicuous, and tamper-proof method.

2. Location of identification mediums. Where practicable, identification mediums shall be adjacent to the nameplate data supplied by the manufacturer of the equipment. Consideration shall be given to the following factors in determining the type and location of identification medium:

- (a) the permanency of the identification medium in the light of the nature and use of the item to which it is to be attached;
- (b) the effect which the affixing of the identification medium will have upon the operation or efficiency of the item;
- (c) the elimination of frequent cleanings and unnecessary replacement of the identification medium;
- (d) ease in sighting.

3. Data required on the identification medium for plant equipment (Plant Property Classes 3 and 4). All identification plates or other authorized identification mediums affixed to plant equipment included within Plant Property Classes 3 and 4 shall contain the following minimum data:

(a) General cases. With the exception of those special cases set forth in (b) below, such equipment will be identified by:

(1) an indication of Government ownership and an identification of the Navy as the funding and controlling Military Department for the equipment by the designation "USN Property." When accessory or auxiliary equipment is not attached to or is otherwise not part of an item of plant equipment, Government ownership shall be indicated by the designation "USN Property."

(2) an identification (ID) number consisting of two parts:

The first part, referred to as the prefix, is the accounting number of the activity (private or Navy) which takes possession of the item for the Navy for the first time and at the time it is required to be reported in plant account. This account number is not intended to reflect the location of an item when it is subsequently transferred to another activity having a different account number and, therefore, should not be changed by a receiving activity. The accounting numbers assigned to different contractors are listed in Navy Comptroller Manual, Volume 2, Paragraph 025206.

The second part of the ID number, referred to as the suffix, is a six-digit serial number. This number shall be furnished to the contractor by the Property Administrator when required. Suffix numbers need not be assigned consecutively, but care must be taken to insure that the same suffix number is not assigned to two items of equipment having the same accounting number. The plant property equipment identification number log illustrated in Section 4, Part C of this chapter, on Page 6-33, must be maintained by the Property Administrator to avoid the duplication of numbers.

(b) Special cases--automotive, construction, and materials handling equipment. Automotive and construction equipment items are identified and marked by the letters "USN" and by registration numbers formulated and assigned to individual equipment items by the Bureau of Yards and Docks. These equipment items will be received from the manufacturer or from stock with registration numbers already affixed. If an item is received without such numbers, an application for a registration number must be made to the Bureau of Yards and Docks.

Materials handling equipment is identified and marked by the letters "USN" and by registration numbers formulated and assigned to individual items by the Bureau of Supplies and Accounts. Such equipment items which are received at a contractor's plant with registration numbers already assigned shall not be retagged. However, materials handling equipment not centrally registered prior to receipt at the contractor's plant shall be identified and marked with the Navy identification numbers in accordance with the instructions in subparagraphs (a) (1) and (2) above.

The items included in automotive, construction, and materials handling equipment are set forth in Volume 3, Paragraph 036301 of the Navy Comptroller Manual.

(c) Disposition of numbers affixed under prior instructions. The following action shall be taken with respect to numbers affixed under prior instructions:

(1) Registration numbers. The registration number presently being assigned to materials handling equipment, automotive vehicles, and construction equipment contains a two-digit prefix with a five-digit serial number; e.g., 13-12345. The six-digit automotive registration numbers previously affixed to automotive vehicles will, however, be retained for the remaining life of the vehicle.

(2) Office of Naval Research contracts. Identification numbers previously assigned to equipment in contractors' plants under Office of Naval Research contracts consisted of a seven-digit number. Identification mediums affixed under instructions requiring the seven-digit number will not be

property has been approved, the receiving property administrator may authorize the contractor's designated representative to sign and transmit receipted copies of the DD Form 1148 to the accountable activity and the shipping activity as required.

(3) Where government-furnished property is received from a naval activity and shipped by government bill of lading, a receipted copy of the DD Form 1148 is not required to be returned to the shipping activity.

2. Contractor-Acquired Property. Physical inspection of contractor-acquired Government property is the responsibility of the contractor. Physical inspection of such government property shall be performed by government personnel only when:

(a) the contractor's inspection system for incoming property is inadequate and required corrective measures have not been taken by the time of the receipt;

(b) standard inspection practices for the item require inspection by the Government on receipt; and

(c) upon request by the contractor when:

(1) the property received is not in accordance with the contract or cannot be utilized thereon;

(2) the property cannot be identified;

(3) substitution of property has occurred;

(4) the property as received is defective.

To insure that the contractor effectively preserves and promptly exercises his rights against vendors and carriers upon receipt of damaged, defective, substitute, or unordered contractor-acquired property, the property administrator shall ascertain, in initial review of the contractor's control procedures, that the contractor's procedures for processing vendors' invoices and for material inspection and receiving are adequate. Such procedures must include adequate provisions for inspection as to quality and quantity and must provide for timely rejection of defective material, prompt filing of claims against carriers, and chargebacks against vendors, as appropriate. The contractor must check the invoice against the applicable purchase order, check the extension of quantities and unit prices on invoices, and maintain appropriate internal checks and balances of functions among purchasing, receiving and inspection, and accounting personnel. (Further consideration of the requirements for contractor procedures applicable to contractor-acquired property is set forth in the check list for review of contractors' property control systems at the end of this chapter.)

b. Receipts Required from Contractor. ASPR, B-303.1(c) and C-305 require the contractor to furnish written receipts for all, or specific classes of government-provided property only in those instances

where such action is determined by the Property Administrator to be essential for maintenance of minimum acceptable property controls. In these instances the Property Administrator shall maintain for each contract a file of such documents or property record cards. Where such evidence of receipt is required, it shall be provided by the contractor not later than the time he submits his application for payment (public voucher). Otherwise, the Property Administrator shall utilize the contractor's file of documents evidencing receipt and shall not establish a duplicate file. Where required, the contractor's receipt for Government-furnished property shall include an acknowledgment of receipt, signature, and the date of receipt. The following is an example of a receipt for an equipment item:

Date \_\_\_\_\_

Equipment as described hereon has been received.

(ABC) Company  
by (Signature)

For contractor-acquired plant equipment, the contractor's receipt shall, in addition, certify to inspection of the property; for example, as follows:

Date \_\_\_\_\_

Equipment as described hereon has been received, inspected, and accepted.

(ABC) Company  
by (Signature)

The contractor shall submit all required receipts for contractor-acquired property no later than the time he submits his applications for payment in regard thereto; if the contractor does not submit receipts as required here, the Contract Administrator shall, as appropriate, request the cognizant Military Department Auditor to suspend payment. (See paragraph 206227.c of Section 2, Part C of this chapter.)

c. Method of Receipting. In those instances where the Property Administrator has determined that the contractor must submit receipts for all or specific classes of Government property, the following methods as appropriate shall be used:

1. Plant Equipment. The receipt for plant equipment shall be on a copy of the property record card which will be maintained in the inspection office files. See subparagraph 206245.b.4.(c). For Government-furnished plant equipment,

upon receipt of the property record card from the contractor, the Property Administrator shall return a signed copy of the invoice with any necessary Requests for Issue or Turn-in (DD Form 1150) to the accountable activity.

2. Contractor-Acquired Minor Plant Equipment, Special Tooling, and Material. Where practicable, receipts shall be on copies of the contractor's internal receiving documents. In lieu thereof, such other effective method as approved by the Property Administrator may be used.

3. Government-Furnished Minor Plant Equipment, Special Tooling, and Material. Receipts for Government-furnished minor plant equipment, special tooling and material, where practicable, shall be on the Invoice/Shipping Document, DD Form 1148, or on the Materiel Inspection and Receiving Report, DD Form 250, as applicable. Two copies of the Invoice/Shipping Document, DD Form 1148, are required (BUSANDA Manual Volume 2, Chapter 5) to be forwarded to the Inspector by the shipping activity. These copies shall be used as follows: (a) One copy to be forwarded to the contractor for his signature in the appropriate space and returned to the Property Administrator. This copy will serve as the official receipt. (b) One copy to be retained as a follow-up copy, pending return of the receipted copy from the contractor. Thereupon, the Property Administrator shall sign the follow-up copy of the invoice and return it with any necessary Requests for Issue or Turn-in (DD Form 1150) to the accountable activity. Where the required copies of DD Form 1148 are not received, the Inspector shall take action to obtain these copies. In the meantime, the contractor shall be required to furnish a receipt.

#### 206322. Methods of Relieving Contractor of Responsibility

a. The contractor may be relieved of responsibility for Government property by any of the methods generally described in this paragraph, subject in all cases to specific contract provisions and specific instructions of the Contract Administrator within the scope of the contract.

b. Consumption of Property in the Performance of the Contract. To the extent that property is consumed or expended for proper purposes and in reasonable amounts in the performance of the contract, the contractor shall be relieved of



responsibility therefor. The Property Administrator's reports of usage analyses and the final inventory are the primary means of determining whether the contractor is relieved of responsibility for property consumed or expended in the performance of the contract.

c. Retention by the Contractor. Relief of responsibility for all property which has been retained by the contractor shall be granted when the contracting bureau or authorized disposal activity has approved the retention and the Government has received required reimbursement therefor, in accordance with the terms of the contract and applicable regulations.

d. Sale of Property. The contractor shall be relieved of responsibility for Government property sold pursuant to the instructions of the contracting bureau or disposal activity, in accordance with applicable regulations, provided that the proceeds from such sale have been received by or credited to the Government.

e. Shipment of Government Property from a Contractor's Plant. The contractor shall be relieved of responsibility when Government property is shipped from the contractor's plant pursuant to instructions of the contracting bureau or authorized disposal activity. Documentary evidence of the shipment effected will be furnished to the contractor by a copy of DD Form 1148, DD Form 1149, or other similar required record of shipment.

f. Written Advice. The contractor shall be relieved of responsibility for Government property lost, damaged, destroyed, or consumed in excess of that normally anticipated in the manufacturing or processing operation, by means of "written advice" from the Contracting Officer, with reimbursement to the Government when required by such determination. The method of determining the contractor's liability and the required contents of the Contracting Officer's letter of advice are set forth in the following paragraph.

#### 206323. Contractor's Liability for Lost, Damaged, or Destroyed Government Property

a. This paragraph describes the standard contract clauses applicable in determining a contractor's responsibility for loss, damage, or destruction of Government property and the procedures to be followed

in determining the liability therefor. It describes separately the contract provisions applicable to Government property in the possession of subcontractors and the procedures to be followed when Government property in the possession of a subcontractor is lost, damaged, or destroyed. The procedures applicable when there is evidence of unreasonable consumption of Government property in the performance of the contract are also included in this paragraph 206323.

b. Responsibilities and Risks Assumed under Separate Facilities Contracts. In accordance with ASPR 13-411, each facilities contract is required to provide (subject to authorized deviations) that the contractor shall not be liable for any loss or damage to industrial facilities or for expenses incidental thereto, except for that loss or damage:

1. which results from a risk expressly required to be insured under the facilities contract, but only to the extent of the insurance required to be procured or maintained or to the extent of the insurance actually procured or maintained (on the risk required to be insured), whichever is greater. (A general statement of the policy of the Department of the Navy with respect to requiring insurance against risk of loss or damage to facilities is set forth in NPD 10-602.1. This policy requires the contractor to maintain such insurance when the facilities are used in substantial part or, except for relatively short intervals, in the performance of other than Navy work.);
2. which results from a risk which is in fact covered by insurance or for which the contractor is otherwise reimbursed, but only to the extent of such insurance or reimbursement;
3. which results from willful misconduct or lack of good faith on the part of any of the contractor's directors or officers and other managerial personnel having defined responsibilities;
4. which results from the failure, due to willful misconduct or lack of good faith of the contractor's directors and officers and other managerial personnel, as defined, to maintain and administer a program, in accordance with sound industrial practices, for the maintenance, repair, protection, and preservation of industrial facilities, or to take all

reasonable steps to comply with any appropriate written directions or instructions which the Contracting Officer may prescribe as reasonably necessary for the protection of the industrial facilities.

c. Responsibilities and Risks Assumed by the Government and the Contractor under the ASPR 13-502 Fixed Price Contract Clauses. The standard Government-furnished property clause used in advertised fixed price contracts imposes a greater responsibility upon the contractor for loss of or damage to Government property than the standard clause used in negotiated fixed price contracts. Both of these clauses are set forth in ASPR 13-502. Under the clause in advertised fixed price contracts, the contractor is responsible for all loss of or damage to Government-furnished property, except reasonable wear and tear and except to the extent the property is consumed in the performance of the contract. The standard clause for negotiated fixed price contracts provides, with the exception noted below, that the contractor is not responsible for any loss or damage caused by certain enumerated perils, which are the so-called "excepted perils." These are:

1. any peril occurring while the property is in transit off the contractor's premises;
2. fire, lightning, windstorm, sprinkler leakage, and other specified perils, and
3. other perils of a type not specifically listed which are customarily covered by insurance or by an insurance reserve under the normal practice of the contractor or the prevailing practice in the same industry in the general area.

There is an exception to the nonliability of the contractor for loss or damage resulting from excepted perils. The contractor is liable for loss of or damage to Government property, even though caused by an excepted peril, if the loss or damage is the result of willful misconduct or lack of good faith of any of the contractor's officers, directors, or other defined managerial personnel, in failing to maintain and administer a program for the maintenance, repair, protection and preservation of Government-furnished property. For example, while damage due to flood is a specified excepted peril, a contractor might be liable for flood damage resulting

from his failure to move portable property out of a basement where there was ample warning to the contractor's officers and time to preserve the property.

The ASPR 13-502 clauses further provide that except for any damage or loss for which the contractor is relieved of responsibility under the clause and except for reasonable wear and tear and depreciation, the Government-furnished property (other than that permitted to be sold) shall be returned to the Government in as good a condition as when received or as repaired under the contract. The contractor, therefore, is responsible for all damage, loss, or destruction of Government property except as the clause expressly provides otherwise.

d. Government-Furnished Property Clause for Nonprofit Research and Development Contracts. In the Government-furnished property clause for nonprofit fixed price, research and development contracts (ASPR 13-505), the risk of loss and damage provisions are stated somewhat differently from the ASPR 13-502 clauses. There is no list of excepted perils. The clause states that the contractor shall not be liable for any loss or damage to Government-furnished property, with certain exceptions which are then enumerated. These exceptions are generally in accordance with the policies of ASPR 13-411, which are set forth in paragraph b., above.

e. Contract Terms Regarding Repair or Replacement of Damaged, Lost, or Destroyed Government Property. The standard clauses used in both advertised and negotiated fixed price contracts (ASPR 13-502 and ASPR 13-505) provide that when Government property is damaged or lost and the risk of the damage or loss is upon the Government, the Government shall replace the property, or the contractor shall make such repair as the Government directs, if the repair can be made within the time specified. Since the contract price includes no compensation to the contractor for the performance of any repair or replacement for which the Government is responsible, the contractor is entitled to an equitable adjustment in contract price for any such repair or replacement made at the direction of the Government.

When damage or loss occurs which is the responsibility of the contractor, repair or replacement must be accomplished at the contractor's own expense.

f. Cost Reimbursement Contracts. The standard Government property clause for use in cost reimbursement contracts (both ASPR 13-503 and ASPR 13-506), like the ASPR 13-505 clauses, generally allocates the risk of loss or damage to Government property in accordance with the policies of ASPR 13-411, which are set forth in paragraph b., above.

g. Examination of Specific Contract Provisions. In each case the specific terms of the contract being administered must be examined to determine the allocation of risk of loss or damage between the Government and the contractor. Standard provisions change from time to time, and there may be special provisions contained in the contract schedule. Authorized clauses other than those described above are sometimes used.

206324. Procedures for Determining A Contractor's or Subcontractor's Liability for Lost, Damaged, or Destroyed, or Unreasonably Used or Consumed Government Property

a. Lost, Damaged or Destroyed Government Property. The Property Administrator shall require the contractor to report to him all cases of loss, damage or destruction of Government property in his possession as soon as the facts become known.

1. Contents of Contractor's Report. The contractor's report shall set forth the facts of the loss, destruction, or damage, including the following information:

- (a) The contractor's name and the contract number;
- (b) A description of the items or the Government property lost, damaged or destroyed;
- (c) The acquisition cost (cost at time of acquisition) of the property involved (estimated, if unknown) with appropriate substantiating data;
- (d) The date (and time if pertinent) of the cause or origin of the loss, destruction, or damage;
- (e) The extent of the damage, loss or destruction;

(f) All known interests in any commingled property of which the Government property damaged destroyed, or lost is (or was) a part;

(g) The insurance, if any, covering the damaged, lost, or destroyed property or covering any part or interest in any commingled property;

(h) Such other facts and circumstances as are relevant to the determination of liability and of repair or replacement;

(i) The actions taken by the contractor to prevent further loss or damage;

(j) The actions taken or recommendations made concerning production, processing or procedural and safety changes to prevent repetition of similar incidents.

2. Additional Requirements. The Property Administrator shall forward the report in accordance with paragraph c. below. Special cases involving major incidents such as explosions shall be reported immediately, and interim follow-up reports shall be submitted as necessary, for Secretarial or other top-level use for publicity releases, replies to Congressional inquiries or as a basis for determining the need for appointment of a Special Investigating Officer or Board. Government-furnished property received in a damaged or otherwise unsatisfactory condition shall be reported on DD Form 6, Report of Damaged or Improper Shipment in accordance with subparagraph 206321.a.1.(a). When there is evidence of a theft, the Property Administrator shall immediately notify the cognizant District Intelligence Officer. Evidence of fraud or suspected fraud shall be reported in accordance with Paragraphs 201030-201032. In addition, the Property Administrator shall assure that the contractor:

- (a) Takes all reasonable steps to protect the property from further loss or damage;
- (b) Advises the local law enforcement agencies in cases of theft;
- (c) Separates damaged from undamaged property; and



(d) Puts all property in the best possible order, as required by the contract.

b. Unreasonable Consumption of Government Property. When inventory reconciliation, usage analysis, or other means disclose consumption of Government property which the Property Administrator considers unreasonable, he shall prepare a statement of the items and dollar values involved which shall be furnished to the contractor for investigation and report. The contractor's report shall set forth the pertinent facts and circumstances in regard to the questioned consumption of property and shall describe the action taken to prevent a continuation of unreasonable consumption. On receipt of the contractor's report, the Property Administrator shall take further action as required in paragraph c.

c. Recommendations of the Property Administrator Concerning Contractor's Liability

1. For Navy's Government property, the Property Administrator shall forward the contractor's report with his recommendations to the Contract Administrator and shall insure that all pertinent facts are presented to him. If there is any significant question of fact, the Property Administrator shall comment thereon. He shall further investigate the facts as appropriate and shall take into account any additional facts which are developed. If legal questions are involved, advice from the appropriate Bureau, Field, or Regional Office of Counsel shall be obtained. The Property Administrator's report normally shall set forth his recommendations with respect to:

(a) Whether the loss, damage, or destruction constitutes a risk assumed by the Government; before making such recommendation, the Property Administrator shall thoroughly review all pertinent contract clauses as well as Paragraph 206323 and the following:

(1) For all advertised fixed-price contracts and for those negotiated fixed-price contracts

relating to labor surplus areas or small business partial set-asides with provisions as prescribed in ASPR 13-502, the contractor assumes the risk for all Government property provided thereunder.

(2) For negotiated fixed-price contracts, under the provisions of ASPR 13-502, other than those relating to labor surplus areas or small business partial set-asides, the contractor generally assumes the risk for all Government property provided thereunder with the exception of Government property lost, damaged, or destroyed by the causes listed under the "excepted perils" of the ASPR 13-502 clause and in connection with which there was no willful misconduct or lack of good faith of any of the contractor's managerial personnel as defined thereunder.

(3) For cost reimbursement type contracts under the provisions as prescribed in ASPR 13-503 and 13-506 and fixed-price contracts with nonprofit institutions with provisions as prescribed in ASPR 13-505, the Government assumes the risk for all Government property provided thereunder where there is no willful misconduct or lack of good faith of any of the contractor's managerial personnel as defined in the terms of the contract. However, there are certain other instances for which the Government does not assume the risk, such as those risks that the contract expressly requires the contractor to insure against. Therefore, these clauses should be thoroughly reviewed and understood before a determination is made.

(4) As a general rule, willful misconduct involves any intentional or deliberate act or failure to act which causes or results in the loss, damage or destruction of the Government property.

(5) Lack of good faith, as a general rule, involves gross neglect or disregard of the terms of the contract or appropriate directions of the Contracting Officer and/or his authorized representatives. Examples of lack of good faith may be demonstrated by the failure of contractor's managerial personnel to establish and maintain:

a proper training of employees

b proper supervision of employees

c proper application of controls in compliance with instructions previously and formally issued by responsible Navy personnel.

(b) The contractor's liability imposed by the terms of the contract;

(c) Replacement, repair, or monetary reimbursement to the Government;

(d) Any third party liability;

(e) Such other comments, conclusions and recommendations as are appropriate.

2. For National Aeronautics and Space Agency's Government Property being administered by the Property Administrator and where the contract administration functions have also been assigned to the Inspector, action as described in subparagraph 206324.c.1 above shall be taken by the Property Administrator. Where contract administration functions have not been assigned to the Inspector, the contractor's report shall be sent to the cognizant Contracting Officer at the address of the NASA field installation designated on the cover page of the contract.

3. For Government property being administered under the Department of Defense Property Administration Interchange Program, the Property Administrator shall prepare a report as required in subparagraph 206324.c.1 above and forward it to the Contract Administrator of the cognizant procuring activity of the other military service for necessary action.

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d. Contract Administrator's Action. The Contract Administrator, or his authorized representative, shall review the data and recommendations submitted for completeness, accuracy and understanding and then take the following action:

1. For Items Having an Acquisition Cost Less than \$500 for Each Item and a Total Acquisition Cost of Less than \$2500 for All Items Involved in the Determination

(a) Where there has been loss, damage, or destruction of Government property, determine:

(1) whether the loss or damage constitutes a risk assumed by the Government;

(2) whether the property shall be repaired or replaced;

(3) the cost of repair or replacement payable by the Government or the amount of monetary reimbursement payable by the contractor.

(b) If it is determined that the Government assumed the risk of the loss or damage and that the Government property should be repaired or replaced, the Contract Administrator, prior to notifying the contractor to repair or replace, shall forward this determination to the Contracting Officer cognizant of the contract for approval, obligation of funds, and modification of contract as necessary.

(c) Where it has been determined that loss, damage, or destruction of Government property does not constitute a risk assumed by the Government, or that the Government property was unreasonably used or consumed by the contractor, determine the contractor's liability for same and the amount thereof.

(d) If agreement cannot be reached with the contractor in the determinations above, the Contract Administrator shall forward the full facts of the case to the Contracting Officer for further action.

(e) Prepare a report of written findings substantiating his determinations. Such report shall sum-

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marize the facts concerning the loss, damage, destruction, or unreasonable use or consumption of Government property and shall be filed in the appropriate Master Property Control Record. This report of written findings and determinations shall be used as the basis for issuance of the written Advice of the Contract Administrator referred to in paragraph e, below.

2. For Items Having an Acquisition Cost of \$500 or more for Each Item and a Total Acquisition Cost of \$2500 or more for All Items Involved in the Determination

(a) The Contract Administrator, or his authorized representative, shall review the recommendations and the data submitted by the Property Administrator and shall forward his recommendations and the contractor's report to the Contracting Officer for decision. At the time of this submission to the Contracting Officer, two copies shall be sent to the Office of Naval Material (except where the Contracting Officer is in the National Aeronautics and Space Agency) for a determination, as required by NPD 10-305, as to whether the contractor or the Government has assumed the risk of loss or damage. One copy shall be marked for the attention of ONM Code M54D and the other copy for Code M34. The Contracting Officer has the responsibility of determining whether the property shall be repaired or replaced and whether the contractor is liable for any loss, damage, or destruction of the property pursuant to the terms of the contract, or whether the contractor is liable for the unreasonable usage or consumption of Government property.

(b) For National Aeronautics and Space Agency contracts, the contractor's report shall be sent to the cognizant Contracting Officer at the address of the NASA field installation designated on the cover page of the contract.

e. The Contracting Officer's or Contract Administrator's Letter of Advice and Subsequent Action. After the determination has been made with regard to the contractor's liability for any loss, damage, or destruction to Government property or any unreasonable usage or consumption thereof, the Contracting Officer or the Contract Administrator as appropriate will furnish the contractor and the Property Administrator with a letter of advice thereon. The letter of advice shall contain:

1. A statement to the effect that investigation has been made of the facts involved in the case;
2. A statement of the contractor's liability and, if the contractor has been determined to be liable, the amount thereof;
3. The method and details of settlement of the liability determined;
4. Action to be taken with regard to third-party liability, if any.

Any necessary disposition of the remaining property involved shall be accomplished pursuant to the directions of the Contracting Officer and in accordance with the instructions set forth in subparagraph 206245.n. Where reimbursement by the contractor is required and is made by check, the check shall be made payable to the cognizant Inspector and shall be forwarded to a local disbursing officer for deposit to the credit of 173019, Recoveries for Government Property Lost or Damaged, Not Otherwise Classified. The name of the Navy Regional Accounts Office to which the check is forwarded shall be indicated on the applicable invoice and survey report. If reimbursement of the Government is made by a deduction on a public voucher or a reduction in a contractor-submitted invoice, the Property Administrator shall indicate on the invoice, (DD Form 1148), and on the property record form for effecting disposition, the number of the public voucher or contractor-submitted invoice on which deduction has been made. In all cases, the Property Administrator shall insure that the required action is accomplished by the contractor and that the Master Property Control Records contain copies of the documents effecting

record and disposition of the required remuneration.

f. Contractual Responsibilities with Regard to Loss, Destruction, or Damage to Government Property in the Possession of Subcontractors. Generally, a stricter liability is imposed on subcontractors than on contractors with respect to loss, destruction, or damage to Government property. The ASPR 13-502 and 13-503 standard contract clauses provide that in the absence of prior ap-

proval by the Contracting Officer of a clause limiting the subcontractor's liability, subcontracts must include a provision requiring the return of all Government property in as good a condition as when received by the subcontractor, except for reasonable wear and tear and the utilization of the property in accordance with the provisions of the contract. The general policy of the Department of the Navy is not to assume the risk of loss with respect to Government property in the possession of subcontractors. Navy contracting officers, however, are

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authorized by NPD 13-104-2 to extend the principles set forth in ASPR 13-503f to cost-plus-fixed-fee subcontracts made with cost-plus-fixed-fee contractors. Generally these principles apply to those subcontractors who concurrently have cost reimbursement or negotiated fixed price prime contracts with the Department of Defense. In such event the Navy contract will require the insertion of appropriate provisions in the cost-plus-fixed-fee subcontracts. Property administrators shall insure that contractors include the required provisions in all subcontracts involving government property. Surveillance of contractors for compliance with such provisions should generally be accomplished at the time of the property administrator's checks and reviews.

The standard government property clauses (ASPR 13-502 and ASPR 13-503) further provide that to the extent a subcontractor has not been relieved of liability for loss, destruction, or damage to government property, the contractor shall, for the benefit of the Government, enforce the subcontractor's liability therefor.

g. Procedures with Regard to the Contractor's Obligation to Enforce a Subcontractor's Liability for Loss, Damage, Destruction, Unreasonable Usage or Consumption of Government Property. When there is loss, damage, destruction or unreasonable usage or consumption of government property in the possession of a subcontractor, the subcontractor shall report to the contractor via the cognizant assistant property administrator and the property administrator. The subcontractor's report should cover the pertinent facts and circumstances of the loss, damage, destruction or any unreasonable usage or consumption, including the value of the property, the items involved, a description of the loss or damage, and the facts with regard to the need for repair or replacement. The report should also contain other relevant data similar to that required of contractors in paragraph a. above.

1. The assistant property administrator shall forward the subcontractor's report together with his own comments to the property administrator.

2. The property administrator shall forward to the contractor the subcontractor's report enclosing the

comments of the assistant property administrator when appropriate. If, for example, the comments of the assistant property administrator contain statements which reflect upon the subcontractor's general reliability, or in other respects are seriously critical of the subcontractor, the extent to which such comments are to be disclosed to the contractor must be determined prior to the delivery of the report to the contractor. A summary of the opinion of the assistant property administrator with regard to the subcontractor's liability may generally be submitted to the contractor even though it is supported by derogatory information which is withheld. There may also be circumstances where, because of the difficult questions presented for decision, it is not appropriate to present to the contractor any views on liability before receiving the contractor's comments and those of the contracting officer or contract administrator as appropriate.

3. The contractor shall add his comments to the report and return the report and comments to the property administrator for required recommendation and processing in accordance with c. and d. above. If a determination is made that the risk of loss, damage or destruction has not been assumed by the Government, or that government property has been unreasonably consumed or used, the contractor will be responsible for enforcing the subcontractor's liability.

#### 206325. Unauthorized Use of Government Property

The property administrator is responsible for insuring that government property is used only for authorized purposes. The contract generally states the extent, if any, to which the contractor may use government property on commercial work or on other government contracts. The means used by the property administrator to determine that the contractor restricts his use of government property to authorized purposes include review of the contractor's property control procedures, continuous or regular observations of production operations by inspection office personnel, and annual maintenance

and utilization examinations. If it is determined that government property has been, or is being used for purposes not specifically authorized by the contract, the contract administrator shall promptly take the following action:

1. Initial Action

(a) Unauthorized use on commercial work.

If the contractor's unauthorized use of government property is on commercial work, the contract administrator shall, in writing, direct the contractor to cease the unauthorized use immediately.

(b) Unauthorized use on other government contracts or subcontracts.

If the unauthorized use is on a government contract or subcontract and if the contractor desires to have such use authorized for the future, he must submit a request therefor to the contracting officer(s) for the contract(s) on which the property is being used without authority. This request must also state the contractor's proposed consideration for the proposed use, the number of the facilities agreement, and the contracting officer cognizant of such agreement. The contracting officer for the contract on which the property has been used without authority has the responsibility of contacting the contracting officer of the contract under which the property is provided, to arrange for any authorizing contract amendment. The contract administrator shall not direct the contractor to cease the unauthorized use on government contracts until it is determined at the contracting officer level whether the contractor will be authorized to continue its use of the property. The property administrator shall insure, however, that the contractor's accounting procedures and records are adequate to provide all the information necessary for a determination of proper remuneration to the Government for the unauthorized use of the property.

2. Report Required. Whenever there is unauthorized use of government property, either on commercial work

or on other government contracts or subcontracts, the contract administrator shall submit a factual report to the bureau or office letting the contract under which the property is provided, and shall submit a copy of this report to the Chief of Naval Material. If the bureau or office providing the government property differs from the bureau or office letting the contract under which the unauthorized use of government property occurs, the reports shall be submitted to the bureau or office providing the government property via the bureau or office letting the contract under which the unauthorized use occurred. This report provides the information necessary for the contracting officer to determine the contractor's liability and, with regard to industrial facilities, to determine any rental to be charged. See subparagraph 206041.a.1 regarding rent-free use of facilities on subcontract work. The report is assigned the reports control symbol ONM 4340-2, and shall include the following information:

- (a) name of the contracting bureau providing the government property;
- (b) number of the contract under which the government property is accountable;
- (c) acquisition cost of the government property;
- (d) if plant equipment, name of manufacturer, model, and serial numbers, date manufactured, Navy identification number;
- (e) description of the unauthorized use of the property, including:
  - (1) if used for other government work, name of government agency(s) and contract number(s);
  - (2) if used for commercial work, name and purchase order number of firm(s) on whose procurement(s) it was used;
  - (3) identification of item(s) being manufactured for which the government property was misused;
  - (4) date the government property was first misused.
  - (5) date misuse of the government property was discontinued;

(6) if industrial facilities or special tooling are involved, the number of hours of unauthorized use; if material, the quantity misused. (Contractors' machine load schedules and production schedules are suggested sources for this information.) If such information is not available, the report should state why this is the case, and it should provide the contract administrator's best estimate of the required information and the basis on which his estimate was made.

(f) if industrial facilities are involved, appropriate advice and recommendations relative to the merits of negotiating a rental agreement with the contractor concerning the future use of such property; and

(g) other pertinent data.

### Section 3. USAGE ANALYSES OF GOVERNMENT MATERIAL

#### 206330. Guides for Determining Reasonableness of Material Consumption

a. The contractor's consumption of government-owned material must be reasonable and restricted to the purposes specified in the contract. The property administrator must make, as a minimum, an annual usage analysis of government-owned material being used by a contractor to determine the reasonableness of its consumption or expenditure. A usage analysis must also be made upon completion of the contract. This may require a review of the contractor's bills of material to determine the quantity of materials initially estimated as necessary for the particular job and analyses of set-up methods; operational procedures; and tools, dies, jigs, and fixtures to determine whether efficient methods of processing the material are being used. A further guide for determining reasonableness of consumption is a comparison of the contractor's production and inventory control records for the contract under study with corresponding data for similar contracts.

b. In connection with usage analyses, the property administrator should compare the amount of inventory on hand with the

amount needed for the purposes of the contract. Where the amount of inventory is excessive and the material is government-furnished, the property administrator should insure that the contractor requests disposition instructions from the cognizant bureau. If the material is contractor-acquired, the property administrator should consider such alternatives as requesting the contractor to return the excess to his supplier to obtain a credit for the Government's account or having the contractor take title to the excess for his own use, thereby relieving the Government of the cost of the material.

c. The employment of statistical sampling for conducting an analysis of the usage of government-owned material by a contractor is authorized. The sampling technique is especially conducive to situations where a contractor has a large number of contracts involving large quantities of government-owned material. When using this technique, the property administrator should consider factors such as prior experience with the contractor's usage of government material, dollar value and quantity of items of material involved, and the types of contracts concerned. Statistical sampling eliminates the need to perform usage analyses annually for every contract. The property administrator must therefore insure that the master property control record summaries for those contracts for which a usage analysis was not performed are appropriately cross referenced in item 20 to indicate the contract numbers for which the usage analyses were performed. In addition, the cross-reference entry should indicate whether or not usage was considered reasonable. Such cross reference also expedites location of the usage analyses work papers. If the usage analysis indicates unreasonable consumption of government material, a more extensive analysis must be accomplished.

#### 206331. Selective Physical Inspection

Selective physical inspection of government material should be made at the appropriate stages in the production process to determine whether the contractor's personnel are being wasteful or careless. In making such an inspection, the property administrator should see that



scrap is being properly segregated and correctly reported by the contractor's personnel. He should also see that items damaged in production are inspected by experienced personnel for possible reworking or salvaging of usable components and that government property is being properly handled and stored during all phases of production.

#### 206332. Analyses of Contractor's Records

The property administrator should check the contractor's records pertaining to the contract to determine whether the material has been properly accounted for. He should selectively screen pertinent documents such as receiving reports, invoices (DD Form 1148 or 1149), adjustment reports, reports of spoilage, return shipment reports, and transfer reports in order to substantiate the entries made in the contractor's property accounts. He should also check the public vouchers (Standard Form 1034) on items of property for which the contractor has been reimbursed by the Government to determine whether the property has been taken up in the contractor's account.

#### 206333. Usage Analyses on Research and Development Projects

The usage of material on research and development contracts frequently presents different considerations from those involved under supply contracts. In order to judge the reasonableness of consumption of property in these cases, the property administrator will have to weigh such factors as the purpose of the project, the forethought given by the contractor prior to performing tests that will result in the destruction of property, the degree of study and planning by the contractor before authorizing construction of experimental equipments and components, and the general care in handling and storage of government property.

#### 206334. Assistance of Field Office Technical Personnel

As necessary the property administrator should request the assistance of technical personnel in the inspection office in conducting usage analyses.

#### → 206335. Usage Analyses of Government Material (NAVEXOS-4341/2)

The Usage Analyses of Government

Material, NAVEXOS-4341/2 shall be used in the performance of a usage analysis.

#### 206336. Reports on Usage Analyses

The property administrator shall report to the contract administrator his conclusions on usage analyses, substantiated by work papers containing pertinent data used to reach his conclusions. Where consumption is reasonable these reports and work papers shall be filed in the master property control record. Where it appears that property has been consumed in excess of reasonable amounts, the property administrator shall proceed in accordance with the instructions set forth in Section 2 of this part.

#### Section 4. MAINTENANCE AND UTILIZATION OF INDUSTRIAL FACILITIES AND SPECIAL TOOLING

#### 206340. Responsibilities of the Contractor

a. The contractor is responsible for the care, maintenance, and proper utilization of government facilities and special tooling from the time of his receipt of the facilities and special tooling until he is specifically relieved of responsibility therefor in accordance with Paragraph 402 of Appendix B or Paragraph 303 of Appendix C of ASPR. Accordingly, the contractor must have a satisfactory maintenance and utilization program which has been reviewed and approved by the property administrator. The removal of government property to storage, or its contemplated transfer, does not relieve the contractor of these responsibilities.

b. Contractor Maintenance Program. Contractors' organizations and programs for maintenance will vary. However, an adequate maintenance program should include procedures for both preventive and corrective maintenance. Preventive maintenance is maintenance performed on a regularly scheduled basis to prevent the occurrence of defects and to detect minor defects before they result in serious consequences. Such maintenance is particularly important because by regularly scheduled maintenance inspection and action, the useful life of the equipment is extended and costly breakdowns may be avoided. Corrective maintenance generally refers to action taken when a defect occurs.

Effective preventive maintenance requires prompt corrective action when a deficiency is detected.

A sound maintenance program can only result from active and continuing participation on the part of management in its development, execution and review to institute improvements. Foremen and other leaders in charge of maintenance personnel should be trained by well-informed engineers in the use and maintenance of equipment. Maintenance personnel should be experienced, responsible, and capable of understanding and carrying out instructions for maintaining plant equipment.

1. Preventive and corrective maintenance functions. Preventive and cor-

rective maintenance include the following functions:

- (a) making emergency repairs;
- (b) inspecting buildings at such periodic intervals as will insure detection of deterioration and the need for repairs;
- (c) inspecting plant equipment at such periodic intervals as will insure detection of maladjustment, wear, or impending breakdown. Satisfactory maintenance for machines in active use should include:
  - (1) regularly scheduled lubrication of bearings and moving

<b>USAGE ANALYSIS OF GOVERNMENT MATERIAL</b> <b>NAVEXOS-4341/2 (REV. 2-64)</b>										See reverse for instructions.		
1. CONTRACT NUMBER		2. CONTRACTOR						3. DATE OF ANALYSIS				
DATE		4. DESCRIPTION OF END ITEM						5. QUANTITY OF END ITEMS	6. DATE OF PREVIOUS ANALYSIS			
7. HOW REQUIREMENTS PER END ITEM WERE DETERMINED								8. CONDUCTED BY				
9. MATERIAL UNDER ANALYSIS		10. MATERIAL AVAILABLE			11. MATERIAL EXPENDED OR CONSUMED				12. INVENTORY ON HAND BY COUNT	13. TOTAL (Columns 11 and 12)	14. EXPLAIN ANY DISCREPANCY BETWEEN COLUMNS 10 AND 13	
		CONTRACTOR ACQUIRED	GOVERNMENT FURNISHED	TOTAL	IN END ITEM	IN TESTING	RETURNED OR DIVERTED	SCRAPPED	OTHER (Explain)	TOTAL		
1.												
2.												
3.												
4.												
5.												
6.												
7.												
8.												
9.												
10.												
11.												
12.												
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15.												
16.												
17.												
18.												
19.												
20.												
21.												
22.												
23.												
24.												
25.												

Usage Analysis of Government Material NAVEXOS-4341/2 (Front)

EXPLANATION OF ENTRIES DESIRED FOR EACH ITEM OF  
NAVEXOS 4341/2 (REV. 2-64)

1. Contract Number: Self explanatory.
2. Contractor: Self explanatory.
3. Date of analysis: Self explanatory.
4. Description of End Item: Description used on contract.
5. Quantity of End Items: Quantity to be manufactured, serviced, or assembled.
6. Date of Previous Analysis: Self explanatory.
7. How requirements Per End Item were Determined: State what method was used in making the determination. Some suggested sources are:
  - a. Bill of materials.
  - b. Verification by company engineer, production, management, etc.
  - c. Under R and D, verification with the project engineer.
  - d. Verification with Navy Quality Control or Production and Technical Personnel.
8. Conducted by: Name of P.A. who conducted study.
9. Material under analysis: Description of Government Material incorporated or consumed. Description should be adequate enough for anyone to identify the material.
10. Material Available:
  - a. Contractor Acquired: Information available from contractor's receiving records, stock records, purchase order records, etc. See paragraph 206250.
  - b. Government-furnished property: Information available from contractor's receiving records, stock records, Navy Invoices (DD Forms 1148 and 1149) etc.
11. Material Expended or Consumed:
  - a. In End Item: Quantities consumed or expended in making end items.
  - b. In Testing: Quantities expended in testing operations.
  - c. Returned or Diverted: Quantities found defective and returned or quantities diverted whether authorized or not.
  - d. Scrapped: Quantities of defective items scrapped whether authorized or not.
  - e. Other: Quantities consumed not listed elsewhere.
  - f. Total: Total quantities expended or consumed.
12. Inventory on hand by Count: Enter actual quantities of items verified by physical inventory by the P. A. as of the date of the analysis. If this quantity does not equal item 10 minus item 11, reconcile figures before completing form.

Sources of Error

- a. Contractor's stock records.
  - b. Errors in items 10 and 11 due to errors in production spoilage records.
  - c. Errors in transcribing the data.
  - d. Computational errors.
13. Total columns 11 and 12: Self explanatory.
  14. Explain any discrepancy between columns 10 and 13: Self explanatory.

C. 36348

Usage Analysis of Government Material NAVEXOS-4341/2 (Reverse)

parts in accordance with a lubrication chart or equivalent plan,

(2) protection from exposure to deteriorating agents, such as corrosive fumes, dust, water leaks, weather, contaminated or unstable lubricants, preservatives, and coolants,

(3) adjustments for wear, repair, or replacement of worn or damaged parts and the elimination of causes of deterioration of associated parts,

(4) checking for insulation resistance, accumulation of oil and dust, and proper operation of control devices on equipment having large or special electrical components,

(5) proper maintenance of safety devices, both electrical and mechanical, to insure proper operation and effective control,

(6) proper storage and preservation of accessories and special tools furnished with a machine but not regularly used with it,

(7) removal of sludge, chips, and cutting oils from equipment which will be idle for an extensive period, and taking necessary precautions to prevent deterioration from contamination and corrosion;

(d) promptly making such repairs, renewals, or replacements as the periodic inspections show to be necessary; and

(e) keeping systematic records of inspections and repairs.

When, in performing maintenance, the contractor removes attachments, accessories, and component parts from government property, he shall insure that they are stored in such a manner as to retain their identity and prevent their loss or damage.

2. Planning and control of maintenance and repair work. To carry out a maintenance program effectively, the

contractor must meaningfully plan and schedule the work to be performed. Planning is generally accomplished by some form of written work order indicating the work to be performed, the procedures to be followed, the labor and materials required, and the estimated and actual cost of labor and materials. Scheduling of the work must be accomplished so that there is minimum interference with production and minimum lost time for the equipment involved, and so that accurate dates can be set for commencement and completion of maintenance jobs.

3. Control of the over-all maintenance program can be obtained by the use of:

(a) centralized equipment records, containing the description and location of equipment, lubricating schedules, inspection schedules, lists of deficiencies found on inspection, and maintenance cost information;

(b) inventory records of spare parts, indicating the balance on-hand data, annual usage and trend of usage, date and quantity of last order, and vendors from whom parts are ordered; and

(c) reports to management indicating machines requiring constant repairs, machines requiring repairs of a repetitive nature, the types of repairs most generally required, and any other pertinent data which will aid management in determining when and where to act.

4. Technical assistance. Contractors generally have, or are capable of setting up, a maintenance program that will insure adequate protection of government property. To aid in maintaining equipment, manufacturers of industrial equipment generally provide, at nominal cost, instructions relating to the assembly, installation, repair, and maintenance necessary to extend to the maximum the useful life of such equipment. Contractors should be urged to take advantage of all such available instructions.

5. Where the contractor has no definite maintenance program for his own equipment and consequently may not be aware of what is required to maintain

government-provided plant equipment, or where maintenance information is not available commercially for a specific type of equipment, the contractor should be instructed to contact the property administrator for assistance. The property administrator should coordinate with the cognizant district public works officer for technical assistance in connection with the maintenance of class 2 property.

c. Contractor's Utilization Procedures. The contractor's procedures for the control of government property shall be adequate to assure that government property will be utilized only for those purposes authorized in the contract. Where a facilities contract or lease provides for the payment of rentals by the contractor, the contractor's procedures shall be such that the dates plant equipments are delivered, last used, and/or removed from the contractor's plant will be accurately and timely reflected in his records. The contractor's procedures shall assure the prompt payment of such rentals.

d. Property in Possession of Subcontractors. Since contractors are responsible for government property provided to subcontractors under the contract except where otherwise provided in the contract or directed by the contracting officer, measures must be taken by the contractor to insure that such property receives the maintenance and protection required by the terms of the contract. These measures must be included in the maintenance procedures approved by the property administrator.

#### 206341. Responsibilities of the Property Administrator

a. Review of Contractor's Maintenance Program. At the inception of a contract which provides for government industrial facilities, the property administrator shall review and analyze the contractor's maintenance program. Prior to written approval the property administrator should review the contractor's procedures for inspection, maintenance, repair, adjustment, protection, and preservation of industrial equipment, as outlined in paragraph 206340.b., to insure that they are in accordance with sound industrial practices and with the terms of the particular contract.

b. Rental Payments. Where contracts or lease agreements provide for the payment of rentals to the Government, the Inspector shall insure that contractors pay such rentals promptly in accordance with the terms thereof. The Inspector shall arrange for the contractor or lessee to notify him at the time each rental payment is made. The notification may be a copy of the contractor's or lessee's letter transmitting the rental remittance to the activity designated in the contract to receive the payment. Unless otherwise provided in the contract, the contractor or lessee shall not be requested to transmit payments via the inspection office. If the remittance of any rental payment becomes thirty days delinquent, the Inspector shall advise the contracting officer why payment has not been made with a copy of the correspondence to the activity designated in the contract to receive the rental remittance. In order for the Navy Regional Finance Office (NRFO) to ascertain effective dates for the commencement or termination of rental payments, the Inspector should advise the NRFO of delivery dates of plant equipments to contractors and the dates the equipments were last used and/or removed from the contractors' plants. Some facilities agreements (see subparagraph 206041.a.1) authorize use of the facilities for various types of government contract and subcontract work, but require further written approval by parties designated therein on a case-by-case basis if such use is to be rent-free. Where the contractor has failed to obtain such prior written approval in connection with a particular contract or subcontract, the Inspector cognizant of the facilities agreement shall assure that the resultant rental is assessed and paid. Where such a facilities use agreement does not set forth the method of computing the amount due under the circumstances or contain other terms necessary to proper administration of its rental provision, the Inspector shall request instructions from the cognizant facilities contracting activity.

c. Annual Maintenance and Utilization Check. The contract administrator shall assure that government industrial facilities and special tooling in the possession of contractors and subcontractors are physically checked at least annually to determine whether the contractor is using such property for the purposes authorized by

the contract(s) and is exercising the degree of care prescribed by the contract for handling and maintaining the property. The scope of the check shall be such that the property administrator can assure himself that the contractor's approved maintenance and utilization procedure is in fact being followed. Particular attention should be paid to idle property because it may be subject to neglect. Each item of idle property should be given a thorough physical examination to determine its condition. In addition, such property should be noted for reporting to the contracting officer in accordance with Chapter 11. A check list designed to assist the property administrator in conducting the annual maintenance and utilization check is set forth on page 6-93. In case of government-owned or privately owned reserve plants, the annual inspection shall be performed in conjunction with the annual inspection of such plants by the district public works office (see Part D, Chapter 4, Volume 3 of this Manual).

1. Reporting deficiencies. Evidence of inadequate care, unsatisfactory performance of equipment, damage to government property, and use of government property for purposes other than specified in the contract shall be reported by the property administrator to the contractor in writing. The contractor shall be requested to take remedial action, and all subsequent corrections shall be recorded in the master property control record. Monthly resurveys of contractors' maintenance and utilization procedures shall be performed in those areas where deficiencies are noted and continued until corrections are made. In the event the contractor does not make the required corrections, the property administrator shall obtain and report the facts to the contract administrator. Appropriate action shall be taken in accordance with 206227, 206323, 206324, and 206325.

2. Reporting checks on property at subcontractors' plants and contractors' secondary sites. The assistant property administrator of a subcontractor's plant or contractor's secondary site shall inform the property administrator of the results of maintenance and utilization

checks of government property under his cognizance where significant uncorrected deficiencies are disclosed.

#### Section 5. CONTROL OF SCRAP AND SALVAGE (ASPR APP B 403)

##### 206350. Responsibilities of Contractors and Government Property Administrators

Contractors are responsible for the control of scrap and salvage generated from government property, and the property administrator is required to review the contractor's procedures relating to scrap and salvage to insure that the contractor's responsibilities are carried out. Adequate control of scrap and salvage is essential to insure that the Government's ownership interests in it are protected. Further, the nature and amount of production scrap and salvage generated from material are relevant to determining whether the contractor is properly and efficiently using material. In this respect the control production of scrap and salvage is pertinent to the usage analyses of government-owned material discussed in Section 3. ASPR B-403 and C-212 and 310 set forth the general policies with regard to control of scrap and salvage.

##### 206351. Requirements for Contractor's Scrap and Salvage Procedure

a. With respect to contracts which reference ASPR, Appendix B, the property administrator shall insure that the contractor's scrap and salvage procedures meet the minimum requirements of that Appendix and that they provide for the following:

1. inspection of the scrap by designated personnel qualified to determine the feasibility of reworking or converting it for other use;
2. an adequate system for accounting and crediting proceeds;
3. maintenance of records of production spoilage (including credits to inventory accounts) and records of corrective actions taken;
4. a separate scrap or salvage department to control the movement thereof when large amounts of scrap and/or

salvage are generated for other reasons;

5. sale of production scrap based upon competitive bids. The sales procedure for production scrap shall be reviewed by the cognizant disposal activity prior to its approval by the property administrator.

6. reporting of all non-production scrap on the appropriate inventory schedule.

b. With respect to contracts which reference ASPR, Appendix C, procedures for the control of scrap and salvage shall not be required of the contractor unless the scrap or salvage is substantial in amount and the Government is not receiving sufficient benefits from the use or disposal thereof. In this event, control procedures are required in accordance with Appendix C, except that the property administrator shall approve the procedures in writing unless otherwise directed by the contracting officer.

#### 206352. Review of Contractor's Scrap and Salvage Procedures

At the inception of the initial contract, the property administrator shall review and approve the contractor's procedures relating to the physical control of scrap and salvage and records thereof. Such approval usually will be incorporated in the letter of approval of the contractor's property control system in accordance with paragraph 206226. Any required corrective measures must be taken prior to approval. During the life of the contract, the property administrator, by selective examinations, will insure that the approved procedures are effectively accomplished. If, during the examination, the approved procedures for control of scrap and salvage are found inadequate for any reason, the property administrator shall so advise the contractor and the contractor shall take necessary corrective action. If the contractor's procedures for control of scrap and salvage are found to be inadequate at any time, the property administrator shall institute as an interim measure such controls as are deemed appropriate for the best interests of the Government.

#### 206353. Segregation of Scrap and Salvage

Where the contractor is engaged in work involving both government-owned and contractor-owned materials from which production scrap or salvage of a uniform nature is generated, the physical segregation of the scrap or salvage as required by Appendix B of ASPR may be impracticable. In such cases the property administrator shall insure that the prorating of proceeds from sale of nonsegregated scrap results in an equitable recovery by the Government. Where necessary, the assistance of the cognizant Military Department Audit Office should be requested in evaluating the equitability of the method for prorating the proceeds of any sales of nonsegregated production scrap or salvage.

#### Section 6. AUDITING PROPERTY ACCOUNTS (ASPR APP B 404)

##### 206360. Procedures for Reporting

a. The U. S. Navy Area Audit Office will audit the records of the contractor and property administrator. The property administrator and the contractor shall make available to auditors all property records, including correspondence relating to property. The auditor will discuss his findings and recommendations with the property administrator or other representatives of the contract administrator and will submit a report of findings and recommendations. The representative of the contract administrator will carefully analyze the auditor's report and take necessary action. Where there is agreement with the auditor's findings and recommendations, the representative of the contract administrator shall develop implementing procedures and instruct the personnel concerned. In addition, the contract administrator shall prepare a "letter report" (Feeder Report - EXOS 7320-9) on the action taken with respect to each recommendation. Where the auditor's report contains no findings of discrepancies, a letter report need not be submitted. Where there is disagreement with any of the auditor's findings and recommendations, the letter report should contain substantiating reasons therefor. Within thirty calendar days after receipt of the audit report the letter



report shall be prepared and distributed as follows:

1. original to the appropriate area audit office;
2. one copy to the management bureau or office of the contract administrator via the chain of command;
3. one copy to the Chief of Naval Material (Field Operations Division) Washington, D. C. 20360 (General Inspection Offices need not furnish this copy);
4. copy to the Comptroller of the Navy (NCT);
5. one copy to be attached to the orig-

inal property audit report and filed in the consolidated audit file.

Appropriate cross references to the auditor's report shall be recorded in the Master Property Control Record Summary (NAVEXOS 4340/1) under item 20 for each contract audited. In case of disagreement with recommendations made by the auditor, final decisions will be made by the Chief of Naval Material on the basis of recommendations of the Comptroller of the Navy, the contract administrator, the management bureau or office of the contract administrator, and the Navy area audit office. Such decisions will be transmitted via channels for appropriate action.

Section 7. ADVANCE, PROGRESS, OR  
PARTIAL PAYMENTS  
(Reserved)

[illegible]

X-26492

Plant Equipment Identification Number Log, NAVEXOS-4086

**CERTIFICATION OF PROPER USAGE AND DISPOSITION OF GOVERNMENT PROPERTY**

NAVEXOS 4500/2 (Rev. 4-64)

TO	CONTRACT OR SUBCONTRACT
FROM (Contractor or Subcontractor)	
ADDRESS	

The undersigned, as an authorized representative of the contractor or subcontractor, certifies that a physical inventory has been conducted for all government property provided for and not consumed in the performance of the above-mentioned contract or subcontract nor heretofore delivered to the Government, and disposition of all such property has been accomplished as directed by the contracting officer.

The undersigned further certifies that, except as noted below, all government property provided for use in this contract or subcontract has been returned in the same condition as when provided, except for reasonable wear and tear, and except to the extent that such property was reasonably consumed or expended in performance of this contract or subcontract.

SIGNATURE	TITLE	DATE
-----------	-------	------

**For Use By Government Representative**

The contents of this master property control record have been reviewed and all required documentation is contained therein:

\_\_\_\_\_  
Signature of Property Records Clerk    Date

The property administrator confirms that all government property provided for use on this contract has been accounted for

\_\_\_\_\_  
Signature of Property Administrator    Date

Certification of Proper Usage and  
Disposition of Government Property, NAVEXOS-4500/2

206241

ONMINST 5000.3, Vol. 2  
26 May 1964

1. NAME AND ADDRESS OF CONTRACTOR OR SUBCONTRACTOR										
RECORD OF PROPERTY ADMINISTRATOR OR ASST P.A.'S	ADMINISTRATOR			TENURE		AUTHORITY				
				FROM	TO					
3. EXAMINATIONS, DEVIATIONS AND AUDITS										
DATE	PROPERTY CONTROL PROCEDURES	DEVIATIONS APPROVED		INVENTORY-PERIODIC		MILITARY AUDIT		DEFICIENCIES		
		DATE	TYPE	DATE REPORTED	DATE VERIFIED	DATE	REPORT NUMBER	DATE	AREA	DATE CLEARED
	APPROVED									
	DISAPPROVED									
	REVIEWED									
	REVIEWED									
	REVIEWED									
	REVIEWED									
	REVIEWED									
MASTER PROPERTY CONTROL RECORD SUMMARY - NAVEXOS-4340/1 (Rev. 3-64)										
4. NAME AND ADDRESS OF CONTRACTOR OR SUBCONTRACTOR										

C. 38127

Master Property Control Record Summary NAVEXOS-4340/1

		14. CONTRACT ADMINISTRATOR AND PROPERTY ADMINISTRATOR		TENURE FROM TO		AUTHORITY	
15. LIST OF SUBCONTRACTS INVOLVING GOV'T PROPERTY	NAME AND ADDRESS		SUBCONTRACT AND/OR PURCHASE ORDER NUMBER	DATE	IS G.P. AUTH. YES(✓) NO(✓)		DATE ASS'T P.A. APPOINTED
16. USE OF GOV'T PROP. UNDER THIS CONT. IS AUTH. ON THE FOLLOWING	CONTRACT	AUTHORITY	17. ACQUISITION VALUE OF GOV'T PROPERTY	DATE	ACQUISITION VALUE OF GOV'T PROPERTY		DATE
18. AMENDMENTS, MODIFICATIONS, AND CHANGES	NUMBER	NATURE OF CHANGE					

MASTER PROPERTY CONTROL RECORD SUMMARY - NAVEXOS-4340/1A (REV. 3-64) (BACK)
C-3923

☆ U. S. GOVERNMENT PRINTING OFFICE : 1964 O - 733-485

ONMINST 5000.3, Vol. 2  
12 November 1963

Master Property Control Record Summary - (Continuation Sheet)  
NAVEXOS - 4340/1A (Reverse)

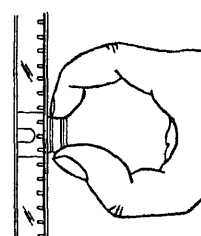
J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D
NEXT PROPERTY CONTROL AND USAGE CHECK	NEXT MAINTENANCE AND UTILIZATION CHECK	NEXT INVENTORY OF CONTRACTOR	

**FILE ON LEFT SIDE**

1. Letter of approval or disapproval of contractor's property control system.
2. Property Administrator's review work sheets on the contractor's property control system.
3. Plant Equipment Identification Number Log.

TO MOVE SIGNAL TO LEFT OR RIGHT



LIFT UP A SUFFICIENT AMOUNT TO ALLOW BLISTER TO CLEAR SLOTS

Miscellaneous Property File

**CONTRACTOR PROPERTY MAINTENANCE AND UTILIZATION EXAMINATION**  
NAVEXOS 4362 (REV. 12-61)

NAME OF CONTRACTOR OR SUBCONTRACTOR	DATE OF EXAMINATION
ADDRESS	EXAMINATION CONDUCTED BY
CONTRACT(S) OR SUBCONTRACT(S)	

1. THE FOLLOWING ITEMS OF GOVERNMENT PROPERTY HAVE BEEN INSPECTED IN CONNECTION WITH THE REVIEW.

IDENTIFICATION NO.	ITEM DESCRIPTION (Include acquisition cost)

The items reviewed above constitute \_\_\_\_\_ % by number and \_\_\_\_\_ % of acquisition cost of all such items in the contractor's possession.



ITEM	REMARKS
RECORDS AND ACCOUNTABILITY	
2. Are all items provided to the contractor and/or subcontractor accounted for and contractually covered? If not, list those not covered.	
3. Are there records of maintenance actions?	
4. Are the records of maintenance actions up to date? If not, what is the extent of their delinquency?	
5. Do the records of maintenance show proper inspection of safety devices to insure their effective operation?	
6. Has the contractor a property record form for each industrial facility item as required? List those items for which a form is needed. Include ID number and condition codes.	
7. Are all items located as recorded on the appropriate Property Records? If not, explain.	
8. Do the condition codes reported at the time of the last examination correspond with current conditions of such items? If not, explain.	

CODE- N-NEW E-USED-RECONDITIONED	O-USED-USABLE WITHOUT REPAIRS R-USED-REPAIRS REQUIRED	1-EXCELLENT 2-GOOD	3-FAIR 4-POOR
9. Where downward changes to condition codes are not due to reasonable wear and tear, have the required reports been submitted?			
INSTALLATION			
10. Has the equipment been properly installed including wiring and grounding?			
11. Has each item been properly identified and tagged as Navy property?			
12. Are accessories and special tools which are furnished with a machine but not regularly used with it, permanently identified, properly preserved and stored?			
MAINTENANCE			
13. Are preventive and corrective maintenance procedures being applied?			
14. Has any equipment had a major overhaul in the past six months? If so, give details.			
15. What equipments required frequent repairs during the past six months? Explain the causes of and the nature of repairs.			

ITEM	REMARKS
	MAINTENANCE
16. Has any equipment broken down due to neglect in the past six months? If so, give full details including corrective action by the contractor to prevent a recurrence.	
17. Have there been proper adjustments to equipment for wear and tear or replacement of worn or damaged parts when needed?	
18. Has the equipment been regularly checked for insulation resistance and proper operation of control devices?	
19. Is the equipment receiving adequate regular lubrications?	
20. Are all equipment items being regularly and properly cleaned? If not, record their condition.	

ITEM	REMARKS
	MAINTENANCE
21. Is there any evidence of abuse or neglect of the facilities or special tooling? If so, give full details.	
22. Are sludge, chips, and cutting oils removed from facilities or special tooling which will be idle for an extensive period?	
23. Are facilities and special tooling protected from exposure to deteriorating agents such as corrosive fumes, dust, water leaks, weather and unstable lubricants, preservatives, and coolants?	
	UTILIZATION
24. Are facilities and special tooling being utilized for the purpose authorized by the contract? If not, explain.	
25. Have facilities or special tooling been altered to perform special work without Government approval? If so, record in detail.	

ITEM	REMARKS
	UTILIZATION
26. Are any items being overloaded?	
27. Is any equipment not in current productive use and not contemplated for use within thirty days? If so, list such items, giving identification number and a brief description.	
28. Have items not in current productive use been submitted for disposition action?	
29. If the contract or lease agreement provides for the payment of rentals, are the payments current and in accordance with the terms of the contract?	
GENERAL	
30. Are the maintenance procedures as approved by the Navy being applied by the contractor? a. Have the maintenance procedures been amended since the last maintenance and utilization examination? If so, describe. b. Are the contractor's maintenance procedures as and if amended still acceptable in accordance with the contract and Navy requirements?	

ITEM	REMARKS		
	GENERAL		
<p>31. What recommendations, if any, resulting from previous maintenance and utilization examinations have not yet been complied with?</p> <p>a. Have these delinquencies resulted in the deterioration of any Government property for which the contractor may be liable?</p>			
<p>32. Enter total number and dollar value of all Government-owned industrial facilities in possession of contractor.</p>	<p>PLANT PROPERTY CLASS</p> <p>1</p> <p>2</p> <p>3</p> <p>4</p>	<p>NUMBER</p>	<p>ACQUISITION VALUE</p>
<p>GRAND TOTAL</p>	<p>MINOR PLANT EQUIPMENT</p>	<p>_____</p>	<p>_____</p>
<p>33. Enter the total cost for maintenance of industrial facilities for the period covered by this examination.</p> <p>a. What % is this of the total acquisition cost of all the facilities?</p> <p>b. Is this considered reasonable for the adequate maintenance of the facilities?</p>			

ITEM		REMARKS		
GENERAL				
34. Enter total number and dollar value of special tooling in possession of contractor. a. Jigs, dies, fixtures, molds, patterns, special taps, special gauges, manufacturing aids. b. Special test equipment. c. Other special equipment.		NUMBER	ACQUISITION VALUE	
GRAND TOTAL				
35. Enter total cost for maintenance of all special tooling for the period covered by this examination. a. What % is this of the total acquisition cost of all the special tooling? b. Is this considered reasonable for the adequate maintenance of the special tooling?				
36. Upon analysis of the facts above by the Property Administrator the following items require corrective action:				
Item No. requiring corrective action	Date Contractor advised of deficiency by Prop. Admin.	Date Contractor advised Prop. Admin. deficiency corrected	Date of verification of corrective action	REMARKS
37. SIGNATURE OF REVIEWER		38. TITLE		39. DATE OF SUBMISSION

CCNTRACTOR'S PROPERTY CONTROL SYSTEM CHECK LIST

	PAGES
Part I PURCHASING	
Items 1-5 . . . . .	2, 3
Part II RECEIVING AND INSPECTION	
Items 1-11 . . . . .	3, 4, 5
Part III PROPERTY HANDLING, STORAGE AND CONTROL	
Items 1-12 . . . . .	6, 7
Part IV PROPERTY WITHDRAWALS	
Items 1-4 . . . . .	7
Part V PHYSICAL INVENTORIES	
Items 1-7 . . . . .	8, 9
Part VI PROPERTY RECORDS	
Items 1-12 . . . . .	9, 10, 11
Part VII MARKING AND IDENTIFICATION	
Items 1-5 . . . . .	12
Part VIII MAINTENANCE AND UTILIZATION	
Items 1-8 . . . . .	12, 13
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Items 1-15 . . . . .	13, 14, 15
Part X RECOMMENDATION OF APPROVAL . . . . .	16
Part XI RECOMMENDATION OF DISAPPROVAL . . . . .	16



**CONTRACTOR'S PROPERTY CONTROL SYSTEM CHECK LIST**  
NAVEXOS 4394

1. NAME OF CONTRACTOR/SUBCONTRACTOR		2. ADDRESS		3. DATE OF REVIEW					
4. CONTRACT NUMBER		5. TYPE (CPFF, FP, Facility)		6. CONTRACTOR/SUBCONTRACTOR PER. PARTICIPATING IN REVIEW					
				NAME POSITION					
7. CATEGORIES OF GOVT PROPERTY	(Check applicable box at right)			PLANT EQUIPMENT		SPECIAL TOOLING		MATERIAL	REAL PROPERTY (Classes 1&2)
		MINOR	CLASS 3	CLASS 4	UNDER APP. B	UNDER ASPR 13-504			
	GOVERNMENT FURNISHED					X X X			
	CONTRACTOR ACQUIRED								
8. REVIEW CONDUCTED BY					9. TITLE				

10. Obtain from the contractor or prepare a functional organization chart adequate to show which organizational units are responsible for the functions listed in Art. 206224, Sect. 2, Part C, Chapter 6 of the MIS, USN Adm. Manual.

11. List the other military services which have provided Government property to the contractor. If a single Department of Defense Property Administrator has not been appointed, (a) indicate whether or not the other military service has approved the contractor's property control procedures, (b) indicate whether the Property Administrator of the other service has been contacted to ascertain the nature of any deficiencies noted by that service or to reconcile any inconsistencies in requirements imposed by the other service.

12. EVALUATION FACTORS (Use additional plain sheets if necessary)			
FACTOR	YES	NO	EVALUATION, COMMENTS, AND REFERENCES
<b>I. PURCHASING</b> Review of the contractor's purchasing procedures is required only when the contractor will purchase property for the account of the Government under cost-reimbursement type contracts.			
1. What level of management may authorize requisitions for purors, shop orders, changes? (e. g. Proj. Eng., Shop Supt., Foreman, etc.)			
a. Are they independent of the Purchasing Department?			
b. Is there a standard form for requisitions?			
c. What is the distribution of a requisition?			
2. Where is the purchasing function located organizationally in the plant?			

EVALUATION FACTORS			
FACTOR	YES	NO	EVALUATIONS, COMMENTS, AND REFERENCES
I. PURCHASING—CONTINUED			
a. Is purchasing separate from plant operations?			
b. Is purchasing separate from accounting operations?			
3. What level of management authorizes purchases and signs purors? (e. g. Purch. Agent, Purch. Clerk)			
a. Before a purchase is authorized, have the inventory records been checked?			
b. What controls are there to prevent purchasing excessive amounts of an item?			
4. Are purors for Government property prenumbered and accounted for by numbers?			
a. Is there a standard form for purors?			
b. What is the distribution of copies of the purors?			
c. Is the Receiving Department on the puror distribution list?			
5. How are changes in purors accomplished?			
a. Is a copy of a change order furnished to the Accounting Department in order that appropriate credits may be posted?			
II. RECEIVING AND INSPECTION			
1. Where is the receiving function located organizationally?			
a. Are the Receiving Department operations physically segregated from other operations?			
b. Are receiving points established, and is all incoming property required to clear such points?			
2. Is the Receiving Department advised of purchases as commitments are made?			
a. What method is used?			

EVALUATION FACTORS			
FACTOR	YES	NO	EVALUATIONS, COMMENTS, AND REFERENCES
II. RECEIVING AND INSPECTION--CONTINUED			
3. Are receiving reports prepared for all property received?			
a. Are receiving reports serially numbered and accounted for?			
b. Are receiving reports signed to evidence receipt of property?			
c. Are copies of receiving reports forwarded to the accounting depts.?			
d. Has the contractor furnished the Property Administrator with specimen signatures of his personnel who are authorized to receipt for Government property?			
e. Has the contractor furnished the Property Administrator with a written receipt for all Government-furnished property as well as contractor-acquired Government industrial facilities immediately upon receipt of such property?			
4. Does the contractor verify the quantities received, by count or by weight?			
a. If not weighed or counted, what is the contractor's method of verification?			
b. Does this method protect the interests of the Government?			
5. Does incoming Government property receive a quality inspection?			
a. Is quality inspection evidenced by inspection reports or notations on the receiving report?			
6. What procedures are established for the physical control and accounting control of Government property?			
a. Received in defective condition?			
b. Received in damaged condition?			
c. Received in substitution of that ordered or requested?			
7. Is rejected property returned to vendors through the Shipping Department?			

EVALUATION FACTORS			
FACTOR	YES	NO	EVALUATIONS, COMMENTS, AND REFERENCES
II. RECEIVING AND INSPECTION—CONTINUED			
8. When property is rejected, is a copy of the reject notice furnished the Accounting Department in order that appropriate credits to the Government's account may be applied?			
9. Are claims filed promptly against carriers for property lost or damaged in transit?			
10. In cases of damages and shortages to Government property received by a contractor on Government bills of lading, is the contractor aware of actions required on his part with the carrier, and the Property Administrator in order to protect the Government's interests in the pursuance of shipper or carrier liability?			
11. Do the procedures followed by the contractor insure minimum delay in:			
a. Handling and recording Government property?			
b. Returning rejected property?			
c. Reporting shortages?			
d. Forwarding documents to the Accounting Departments?			
III. PROPERTY HANDLING, STORAGE, AND CONTROL			
1. Is responsibility for protection and custody of all Government property clearly delegated to specific personnel?			
a. Record the names of these personnel and the categories of Government property for which they are responsible.			
2. Is Government property segregated from contractor-owned property?			
a. Where Government property is being commingled with contractor-owned property, has the commingling been properly authorized by the Contract Administrator?			
3. Are property transfers to stockrooms verified as to quantities received by stockroom personnel?			
4. Is property delivered by the Receiving Department to storerooms or other controlled areas rather than to production locations?			

NAVEXOS 4394

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EVALUATION FACTORS			
FACTOR	YES	NO	EVALUATIONS, COMMENTS, AND REFERENCES
III. PROPERTY HANDLING, STORAGE, AND CONTROL—CON.			
5. Is property stored so as to guard against deterioration?			
6. Is property stored in a systematic manner?			
7. Do adequate physical safeguards exist to prevent the unauthorized removal of property?			
8. Are stock, perpetual inventory, or control records maintained independent of stockroom personnel so as to provide a control over personnel handling the material?			
9. Are there procedures for reviewing inventories for slow-moving, obsolete, and overstocked items?			
a. How frequently are such reviews conducted?			
b. Is this frequency adequate?			
c. Are slow-moving, obsolete, and overstocked items promptly reported to a contractor's official for decision as to further action?			
d. Do the contractor's procedures provide for the prompt reporting of obsolete and overstocked items on appropriate inventory schedules to the inspector for disposal?			
e. Has the contractor investigated the possibility of returning overstocked items to the supplier and obtaining a refund for crediting to the contract?			
f. Are obsolete or otherwise inadequate items of Government property commingled with new, unused Government property?			
10. What are the procedures for advising purchasing officials of engineering or production change notices?			
a. Do they provide for the immediate notification of purchasing officials in order that unfilled purchase orders may be cancelled?			
11. Is property shipped on consignment or memorandum billing properly controlled?			

NAVEXOS 4394

EVALUATION FACTORS			
FACTOR	YES	NO	EVALUATIONS, COMMENTS, AND REFERENCES
<p>III. PROPERTY HANDLING, STORAGE, AND CONTROL—CON.</p> <p>12. Do the procedures for handling engineering or production changes provide for the reporting of property made obsolete or excess to the Government for disposition instructions, if appropriate?</p>			
<p>IV. PROPERTY WITHDRAWALS</p> <p>1. How are property withdrawals by production personnel accomplished?</p> <p>a. Are authorized requisitions used?</p> <p>b. Are requisition forms prenumbered?</p> <p>c. Are receipts required for material withdrawn from stock?</p>			
<p>2. How do requisitions identify the contract on which the requisitioned material is to be used?</p> <p>a. Are requisitions used to withdraw Government-owned property readily distinguishable from requisitions for material to be used on commercial work?</p>			
<p>3. How is unused property controlled?</p> <p>a. Is it returned to stock for credit?</p>			
<p>4. In cases of loss, damage, or destruction of Government property while in the care, custody and control of the contractor, is the contractor aware of actions required on his part in reporting such cases to the Property Administrator as soon as such facts become known.</p>			

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7

EVALUATION FACTORS		
FACTOR	YES	NO
V. PHYSICAL INVENTORIES		
1. Who is responsible for the overall accomplishment of physical inventories?		
a. Is this person independent of the custodian and users of the property?		
2. Are written instructions in effect for taking physical inventories?		
a. Do they provide for annual physical inventories?		
b. Do they provide for physical inventories of Government property provided under a contract at the completion of the contract?		
c. Do they adequately protect the interests of the Government?		
d. Is the inventory procedure for equipment adequate to identify the equipment, its accessory and auxiliary items?		
e. Do they provide for the actual counting and recording of all property in a given area independent of the perpetual inventory records?		
f. Do they provide for a submission of an inventory report to the Property Administrator as required in Article 206193, Section 9, Part B, Chapter 6 of the MIS Manual.		
g. Do they provide for a review for slow-moving, obsolete, and overstocked items by a contractor official?		

EVALUATION FACTORS			
FACTOR	YES	NO	EVALUATIONS, COMMENTS, AND REFERENCES
V. PHYSICAL INVENTORIES—CONTINUED			
3. What are the cut-off procedures for shipping, receiving, and stores departments in connection with physical inventory?			
a. Are these procedures written and followed?			
4. Who, independent of the custodians or users of the property, checks the physical inventory count?			
5. How is the recapitulation with property moved or withdrawn during the physical inventory accomplished?			
6. Who is responsible for follow-up actions and adjustments after physical inventories have been taken?			
a. Is the approval of a responsible official required for all adjustments made to inventory records?			
b. Are perpetual inventory records adjusted and reconciled to physical counts?			
c. Do the inventory control accounts show the amounts of adjustments after physical inventory?			
7. What investigative action is taken on variances between perpetual inventory balances and physical inventory counts?			
a. Is proper corrective action taken based upon such investigations?			
VI. PROPERTY RECORDS			
1. Do the contractor's records of material meet the requirements of Article 206250, Sect. 5, Part C, Chapter 6 of the MIS Manual and as a minimum provide for:			



EVALUATION FACTORS			
FACTOR	YES	NO	EVALUATIONS, COMMENTS, AND REFERENCES
VI. PROPERTY RECORDS--CONTINUED			
a. Contract number.			
b. Nomenclature or description of item.			
c. Location.			
d. Quantities received.			
e. Quantities issued.			
f. Balance on hand.			
g. Posting reference.			
h. Date received or issued.			
i. Unit of measure.			
j. Unit price.			
k. Disposition.			
2. Do the contractor's records of special tooling meet the requirements of Article 206251, Sect. 5, Part C, Chapter 6 of the MIS Manual, and as a minimum provide for:			
a. Contract number.			
b. Nomenclature or description.			
c. Identification by tool, Drawing or other numbers.			
d. Identification of item on which used.			
e. Quantity received or fabricated.			
f. Voucher reference.			
g. Location.			
h. Unit or group price.			
i. Disposition.			
3. Do the contractor's records of minor plant equipment meet the requirements of Article 206255, Sect. 5, Part C, Ch. 6 of the MIS Manual, and as a minimum provide for:			
a. Description.			
b. Acquisition reference and date.			
c. Disposition reference and date.			
d. Contract number under which accountable.			

EVALUATION FACTORS			
FACTOR	YES	NO	EVALUATIONS, COMMENTS, AND REFERENCES
VI. PROPERTY RECORDS—CONTINUED			
e. Cost.			
f. Quantity received.			
g. Model number.			
h. Manufacturer's serial number.			
i. Identification number (If contractor's procedures provide for one).			
4. Do the contractor's custodial records for tool crib items, guard force items, protective tooling, and other similar items meet the requirements of Article 206252, Section 5, Part C, Chapter 6 of the MIS Manual?			
5. Do the contractor's records of publications, pamphlets, and other data meet the requirements of Article 206253, Section 5, Part C, Chapter 6 of the MIS Manual?			
6. Do the contractor's records of plant equipment meet the requirements of Article 206254, Sect. 5, Part C, Chapter 6 of the MIS Manual?			
7. Do the contractor's records of real property meet the requirements of Article 206256, Sect. 5, Part C, Chapter 6 of the MIS Manual?			
8. Do the contractor's financial control accounts meet the requirements of Article 206257, Sect. 5, Part C, Chapter 6 of the MIS Manual?			
9. Are property records established for components or fittings which are permanently removed from items of Government property?			
10. Are special tooling and plant equipment fabricated from materials acquired for Government account appropriately recorded to the property account upon completion of fabrication?			
11. Are adequate records maintained for all Government property in possession of subcontractors?			
12. Has the contractor's personnel been properly instructed in the preparation of property record cards for Classes 1, 2, 3, and 4 plant property.			

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EVALUATION FACTORS			
FACTOR	YES	NO	EVALUATIONS, COMMENTS AND REFERENCES
VII. MARKING AND IDENTIFICATION			
1. Is a metal tag used as the identification media for plant equipment?			
2. Is the identification tag located in a conspicuous, easily accessible place?			
3. Is all Government property identified and marked with the words "USN Property" as provided in Part D, Chapter 6 of the MIS Manual?			
4. Is Government property promptly identified and marked upon its receipt at the contractor's plant?  a. What department is responsible for the identification and marking of Government property?  b. How many contractor's locations does the Government property pass through before the identification markings are applied?  c. How much time elapses between the receipt of Government property and the affixing of the identification media by the contractor?			
5. Has the Contract Administrator granted the contractor any waivers of the identification and marking requirements as prescribed in Article 206311, Part D, Chapter 6 of the MIS Manual? If so, list the waivers and the contracts to which they apply.  a. Is Government property other than that accountable under the contracts listed above not being identified and marked as Government property?			
VIII. MAINTENANCE AND UTILIZATION			
1. Where is the maintenance function located organizationally in the plant?			
2. Is there a written maintenance program?  a. Does it provide for long-term maintenance and/or major overhauls?			

EVALUATION FACTORS			
FACTOR	YES	NO	EVALUATIONS, COMMENTS, AND REFERENCES
VIII. MAINTENANCE AND UTILIZATION--CONTINUED			
3. Does the maintenance program vary substantially from the maintenance program outlined in Section 4, Part D, Chapter 6 of the MIS Manual?			
4. Does the maintenance program provide for the periodic inspections of real property and plant equipment?			
5. Are repairs, renewals, or replacements which the periodic inspections indicate necessary promptly made? a. Are they authorized by a responsible person?			
6. Are systematic records of inspections, repairs, and lubrications made?			
7. Are there periodic reports to contractor's officials regarding repairs and breakdowns, maintenance costs, and other pertinent data? a. Is there evidence that appropriate action is taken based upon these reports?			
8. Are there adequate controls to assure that Government property is used only for authorized purposes?			
IX. SCRAP AND SALVAGE			
1. Are scrap and salvage controlled through an independent element of the organization, such as a scrap and salvage department? a. What is the nature of the production scrap generated? b. What quantities of the various types of production scrap are generated in a given period? c. What is the current market value of this production scrap? d. Is the quantity, market value, or nature of the production scrap such that it should be controlled through an independent element of the organization?			
2. Is production scrap sorted according to the basic content of its materials, parts and assemblies for the practicability of reworking or salvaging?			

EVALUATION FACTORS			
FACTOR	YES	NO	EVALUATIONS, COMMENTS, AND REFERENCES
IX. SCRAP AND SALVAGE--CONTINUED			
3. Is production scrap promptly accumulated and stored under adequate protection?			
4. Is production scrap controlled by weight? If not, describe in detail the method of control.			
5. Is the weight (or other unit of measure which may be used) of production scrap promptly recorded on appropriate records?			
6. Are the records of production scrap or summarizations thereof periodically reviewed to determine whether the amounts generated are excessive and is necessary corrective action taken?			
7. Has the contractor been authorized to sell production scrap for the account of the Government?			
a. If yes, does the contractor's procedure for the sale of production scrap provide for the solicitation of bids from at least three scrap dealers?			
b. If large quantities of scrap are involved, do the contractor's procedures provide for the submission of sealed bids?			
c. Are proceeds of the sales credited directly to the Government or applied to the contractor's overhead account?			
8. Has the contractor's procedure for the sale of production scrap been reviewed by the cognizant disposal activity prior to its approval by the contract administrator?			
9. Are scrap shipments by truck properly controlled by means of a gate pass or other safeguards?			
10. Does a responsible representative of the contractor inspect spoiled materials, parts and assemblies for the practicability of reworking or salvaging?			
11. Are records of production spoilage maintained?			
a. Of what do they consist?			

EVALUATION FACTORS			
FACTOR	YES	NO	EVALUATIONS, COMMENTS, AND REFERENCES
IX. SCRAP AND SALVAGE—CONTINUED			
<ul style="list-style-type: none"> <li>b. Are they periodically reviewed to determine whether spoilage is excessive?</li> <li>c. Is necessary corrective action taken?</li> </ul>			
12. What part of production costs are attributable to: <ul style="list-style-type: none"> <li>a. Production scrap.</li> <li>b. Production spoilage.</li> </ul>			
13. Are these costs considered excessive?			
14. Do the contractor's procedures provide for the submission of inventory schedules of all Government property (except production scrap when separate procedures have been approved for its disposal) which in the contractor's opinion may be scrap or salvage to the inspector for final decision and disposal?			
15. Is the contractor's operation such that the physical segregation of Government-owned and contractor-owned scrap and salvage impracticable? <ul style="list-style-type: none"> <li>a. In such cases is the basis of proration of non-segregated scrap and salvage such as to result in an equitable recovery to the Government?</li> <li>b. Where necessary, has the assistance of the U.S. Navy Area Audit Office been requested in prorating the proceeds of any sales of such nonsegregated scrap?</li> </ul>			

NAVEXOS 4394

X. RECOMMENDATION OF APPROVAL

☐ THE CONTRACTOR'S SYSTEM OF PROPERTY ACCOUNTING AND CONTROL, IS IN ACCORDANCE WITH THE PROVISIONS OF THE CONTRACT, APPENDIX OF ASPR, "MANUAL FOR CONTROL OF GOVERNMENT PROPERTY IN POSSESSION OF CONTRACTOR" AND CHAPTER 6 OF THE MIS ADMINISTRATION MANUAL. APPROVAL IS, THEREFORE, RECOMMENDED.

XI. RECOMMENDATION OF DISAPPROVAL

☐ THE CONTRACTOR'S PRESENT SYSTEM OF PROPERTY ACCOUNTING AND CONTROL IS FOUND INADEQUATE TO MEET THE PROVISIONS OF THE CONTRACT, APPENDIX OF ASPR, "MANUAL FOR CONTROL OF GOVERNMENT PROPERTY IN POSSESSION OF CONTRACTORS" AND CHAPTER 6 OF THE MIS, USN FIELD ADMINISTRATION MANUAL. DISAPPROVAL OF THE CONTRACTOR'S SYSTEM IS RECOMMENDED FOR THE FOLLOWING REASONS:

ITEM NO.	CORRECTIVE ACTIONS REQUIRED
BY	DATE

PROPERTY ADMINISTRATOR'S REPORT  
OF PERIODIC PROPERTY CONTROL  
SYSTEM REVIEW  
NAVEXOS-4394A

## INSTRUCTIONS

Use this form when contractor's property control system has been reviewed and the completed NAVEXOS-4394 on file is less than two years old. Report, in space provided, details of examination made of each control point reviewed. Non-applicable control points should be so indicated. Attach supplemental sheet if additional space is required. Detailed reference should be made to items and documents checked for control points, as appropriate.

1. NAME OF CONTRACTOR/SUBCONTRACTOR		2. ADDRESS		3. DATE OF WRITTEN APPROVAL OF PROPERTY CONTROL PROCEDURE				
4. CONTRACT NUMBER	5. TYPE (CPFF, FP, Facility)	6. ACQUISITION VALUE OF GP	7. STATUS OF CONTRACT					
8. CATEGORIES OF GOVERNMENT PROPERTY	(Check applicable box at right)	PLANT EQUIPMENT		SPECIAL TOOLING		MATERIAL	REAL PROPERTY (Classes 1&2)	
		MINOR	CLASS 3	CLASS 4	UNDER APP. B			UNDER ASPR 13.504
	GOVERNMENT FURNISHED							X X X
	CONTRACTOR ACQUIRED							

9. NAME AND POSITION OF CONTRACTOR/SUBCONTRACTOR PERSONNEL PARTICIPATING IN REVIEW

10. DATE OF REVIEW \_\_\_\_\_ Remarks of each control point examined are as follows:

I. PURCHASING:

II. RECEIVING AND INSPECTION:

III. PROPERTY HANDLING, STORAGE AND CONTROL:

(Over)

Property Administrator's Report of Periodic Property Control  
System Review, NAVEXOS-4394A



IV. PROPERTY WITHDRAWALS:

V. PHYSICAL INVENTORIES:

VI. PROPERTY RECORDS:

VII. MARKING AND IDENTIFICATION:

VIII. MAINTENANCE AND UTILIZATION:

IX. SCRAP AND SALVAGE:

SUMMARY

- ☐ TESTS SHOW NO CHANGE IN APPROVED PROCEDURES. APPROVAL IS EXTENDED SIX MONTHS.
- ☐ CHANGES HAVE OCCURRED. CONTRACTOR WILL SUBMIT REVISIONS FOR APPROVAL AND A SUPPLEMENTAL NAVEXOS 4394 WILL BE PREPARED.
- ☐ DEVIATIONS WARRANT A LETTER TO THE CONTRACTOR. DETAILS ATTACHED.

SIGNATURE (Property Administrator)

DATE

NAVEXOS-4394A (BACK)

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(To be forwarded at a later date)

Figure 6-15. Semiannual Maintenance and Utilization Survey Check List

ON

IV

V.

VI

VII

VII

IX.

SUM

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NAV

LIST OF ILLUSTRATIONS

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210105. Settlement Review Board Review  
of Suppliers' Settlements

a. Except where otherwise authorized by the head of a procuring activity, proposed settlements under terminated contracts shall be reviewed by Settlement Review Boards as follows:

1. Proposed settlement of a contractor's claim in the amount of \$25,000 or more requires review and approval by a board established in the cognizant bureau.

2. Proposed settlement of a subcontractor's claim in the amount of \$25,000 or more, but less than \$500,000, requires review and approval by the Inspector's Settlement Review Board and is not subject to further review by a board established in the cognizant bureau.

3. Proposed settlement of a subcontractor's claim in the amount of \$500,000 or more requires review and approval by the Inspector's Settlement Review Board and, in addition, requires review and approval by a board established in the cognizant bureau.

b. Each Settlement Review Board shall be guided by:

1. The following information is required to be presented for consideration by the Board:

(a) Proposed settlement.

(b) Audit report.

(c) Property disposal report, and any required approvals in connection therewith.

(d) Inspector's letter of recommendation or, where appropriate, the contracting officer's or negotiator's memorandum explaining the settlement.

(e) The decision of such other Settlement Review Board as may have reviewed the proposed settlement previously.

(f) Any additional information desired by the board.

2. The Board shall appoint a recorder who

(a) may or may not be a voting member;

(b) shall receive the case for and present the case to the Board;

(c) shall be competent to decide the adequacy of the information submitted. In this connection, he shall conduct only such review as is necessary to assure that sufficient information has been submitted which the Board might reasonably require to review the case; and

(d) shall maintain a log in which he shall list all cases received by him for the Board, date received and date acted upon, and a brief statement of the action taken.

3. The scope of review and the action to be accomplished by the Board are outlined in ASPR, Section VIII, paragraphs 8-211.3 and 8-211.4.

4. Unless the contracting officer has authorized the Inspector cognizant of the contractor to approve a subcontractor settlement which includes exceptions, the Board shall not approve any settlement until all settlements with immediate and remote subcontractors included in the settlement under review are binding upon the Navy.

5. The findings and decision of the Board shall be set forth in a written memorandum for the files and signed by each member of the Board. Approval of settlements must have concurrence of a majority of the Board. Where a proposed settlement does not receive majority approval, the settlement shall be considered to have been disapproved.

6. The Board shall advise the Inspector or the contracting officer, as appropriate, of its findings and decision; if the settlement is disapproved, it shall advise its reasons and recommendations.

7. The failure of the Board to act upon any proposed settlement within thirty days after submission to the Board of

all information required shall operate as approval by the Board, in accordance with the provisions of ASPR. The thirty-day period shall commence upon receipt of any supplementary information requested.

8. Action by a Review Board shall be conducted only at specified meetings of the Board members.

210106. Accounting Reviews of Settlement Proposals

a. Accounting reviews by military department audit agencies shall be made of:

1. contractors' settlement proposals of \$1,000 or over;
2. proposed settlements with subcontractors of \$25,000 or over;
3. proposed settlement with subcontractors of less than \$25,000 if the Inspector or the contracting officer deems an audit desirable. Proposed settlements of less than \$1,000 will be submitted for audit only in exceptional cases.

b. It is the responsibility of the cognizant military department regional audit office to audit or arrange for the audit of settlement proposals submitted for accounting review. The military department auditor will normally determine whether an office review is sufficient or whether a field accounting review is required. Inspectors will cooperate with the auditor in the performance of the latter's function, and will bring to the auditor's attention any matters that might assist the auditor in his accounting review.

c. The Inspector cognizant of a contractor who has submitted a termination settlement proposal shall:

1. Determine the requirement for a formal audit in accordance with the requirements of this article.
2. Determine, by discussion with the auditor, if deemed appropriate, the desirability of an audit of interim settlement proposals. Generally an audit of an interim settlement proposal should be requested only where all, or the preponderance, of the contractor's own costs have been included in the proposal.

3. Forward, promptly, to the military department regional office cognizant of the contractor two copies each of the Settlement Proposal, Schedule of Accounting Information, and the Inventory Schedules. The forwarding letter should state the scope of the audit desired and should point out any areas wherein particular audit emphasis is desired; e. g., possibility of loss contract, etc. The forwarding letter should also contain comments as to inventory verification, allocability, and pricing reviews completed (including a copy of NAVEXOS 4241). In the event that this information cannot be furnished when requesting audit of the settlement proposal, such comments should be forwarded to the auditor as soon as available. If the proposal to be audited is that of a subcontractor, and such proposal has been audited previously by the contractor or next higher-tier subcontractor, a copy of this audit report should be furnished by the Inspector to the military department auditor for his information and use.

d. Advisory accounting reports will be routed as follows:

1. The report covering a contractor's proposal is forwarded to the contracting officer by regional audit personnel, via the U.S. Navy Area Audit Office, Washington 25, D. C. At the same time, the Inspector will be furnished with an advance copy of the audit report. Advisory reports on subcontractor proposals will be submitted directly to the Inspector who requested the report, by the regional audit office.

2. The military department auditor's accounting report on a subcontractor's settlement proposal will be forwarded, by the Inspector cognizant of the subcontractor, when submitting general comments covering the subcontractor's proposal to the Inspector cognizant of the contractor or next higher-tier subcontractor.

e. Inspectors shall exercise prudence in the handling of audit reports covering contractor's or subcontractors' settlement proposals, to preclude revealing information detrimental to the negotiation position of the contracting officer or the purchaser. The Inspector shall not make

forwarding his comments to the Inspector cognizant of the contractor or next higher tier subcontractor.

e. Inspectors shall exercise prudence in the handling of audit reports covering contractors' or subcontractors' settlement proposals, to preclude revealing information detrimental to the negotiation position of the contracting officer or the purchaser. The Inspector shall not make available to a contractor or subcontractor the comments of the auditor on the settlement proposal of such contractor or subcontractor.

f. In the negotiation and settlement of contract termination charges, the Armed Services Procurement Regulation outlines the requirements for conducting formal audits and specifies that cost and accounting data may provide guides for ascertaining fair compensation but are not rigid measures of it. Inspectors should therefore insure that costs acceptable from an accounting standpoint are also acceptable from a technical standpoint (necessity, reasonableness, etc.) prior to allowing or recommending the allowance of such charges. Conversely, a technical evaluation should be completed, where necessary, by the Inspector, of costs questioned by the military department auditor, or of costs which are not susceptible to audit, prior to reaching a decision as to his recommendations thereon or as to the allowance or disallowance of such charges.

g. Where a formal accounting review by the military department auditor is not required nor considered necessary by the Inspector, a review of the propriety of the contractor's charges shall be conducted by the Inspector cognizant of the claimant. Worksheets detailing the findings and results of such review(s) shall be retained in the Inspector's termination file(s). In those cases where a formal accounting review will not be made, the Inspector may nevertheless discuss cost items (such as Indirect Factory Expense and General and Administrative Expense) with the cognizant military department auditor. The provisions of this paragraph are not applicable to settlements which are to be effected without Government approval or ratification pursuant to Part F of this chapter.

#### 210107. Review of Unfabricated Inventories and Subcontracting Practices

a. Where the cognizant military department auditor is requested to conduct a formal accounting review of the contractor's settlement proposal, such accounting review will include a review of unfabricated termination inventory costs along with other termination costs claimed. In those cases where no formal accounting review is to be made, the cognizant Inspector shall be responsible for determining the propriety of the contractor's charges.

b. Where no formal accounting review will be conducted, the Inspector shall insure that unfabricated inventory items are subjected to a selective check to verify the accuracy of the pricing and applicability to the contract by reference to the vendor's invoices and applicable purchase orders. Bills of Material, perpetual inventory records and other applicable documents shall be reviewed as necessary.

c. Whether or not a formal accounting review is to be conducted, the Inspector shall review sufficient records and procedures of the contractor to determine:

1. The existence of excessive or unallocable inventory items, through relating quantities claimed, purchased, and required, with the number of contract units terminated, completed, and to be completed;
2. The extent of the contractor's obligation for retention or diversion of inventory items, through appraising the termination inventory with relation to the nature of the contractor's continuing production, the policy and practice of stocking materials, and the extent of contemporaneous purchases of similar items;
3. The inclusion of improper costs arising from the contractor's failure to promptly terminate applicable subcontracts and purchase orders, or due to any deliveries by vendors subsequent to the effective date of termination; and
4. That all direct material, the cost of which is listed in the settlement proposal (when computed on the Total Cost Basis), is allocable and properly

accounted for on the contractor's inventory schedules and through items delivered or consumed.

unit price reflected in each invoice, date material received and terms (purchase discounts, trade discounts, etc.). See page 10-66 for suggested format for recording the results of pricing reviews.

d. Where the Inspector reviews the reasonableness of unfabricated termination inventory charges, worksheets should reflect, as a minimum, each inventory item checked, purchase order number, vendor, vendor's invoice number, the quantity and

e. Comments submitted with respect to settlement proposals which were not subject to a formal accounting review shall include a summary of the Inspector's findings as to the reasonableness of unfabricated termination inventory charges.



considered in measuring necessity and/or reasonableness:

(1) Where independent legal, accounting, or other professional services are claimed, were such services necessary, or was the contractor's staff competent to perform these services? Does the amount or rate of compensation agreed upon for such services appear to be excessive?

(2) The wage and skill level of contractor personnel employed to segregate, count, pack, and ship the termination inventory.

(3) The hours charged to such operations (item (2) above) in relation to the total inventory.

(4) Where the time of personnel normally charged to overhead is charged directly to settlement expense, has an adjustment been made to the contractor's overhead pool?

(5) The number and dollar value of subcontractor claims received and settled by the contractor and the number of no-cost subcontractor settlements.

(c) Applicable factors in (b), above, are most significant in evaluating settlement expenses claimed and should be discussed adequately.

9. Subcontractor Settlements. The allocability (to the terminated portion of the contract) of subcontractor settlements claimed, including specific information relative to:

- (a) The total number and amount of subcontractor settlements
  - (1) made pursuant to the contractor's delegation of authority;
  - (2) approved by the Inspector;
  - (3) approved by appropriate Settlement Review Boards.

(b) The fairness of the settlements made pursuant to the contractor's delegation of authority. (Inspector's opinion required herein should be based upon his selective review of such settlements.)

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10. Cost Information. The technical necessity, allocability, and reasonableness of costs recommended for acceptance by the military department auditor. In addition, similar evaluation shall be made, when required, of costs questioned or recommended for disallowance by the military department auditor.

11. Statistical Data. To provide information required by DOD, the Inspector's comment letter shall include the actual or estimated number of settlements (including no-cost settlements) of terminated fixed-price subcontracts at all tiers of subcontracting. This figure may reflect the contractor's best estimate of the total number of subcontract settlements.

12. Other Information. Information which may prove helpful to the contracting officer such as:

(a) Existence of a loss contract and calculation of the necessary data for the application thereof.

(b) Significant comments bearing on the amount or rate of profit payable under the settlement proposal.

(c) Items included in the claim which, based upon the Inspector's past experience with the contractor, may be incorrect or questionable.

(d) Unusual practices of the contractor in processing subcontractor settlements, termination inventory.

(e) Advance, progress, and partial payments made to the contractor.

c. The Inspector's review of proposals submitted on a total cost basis should also provide a basis for the substantiation of his comments and recommendations. These comments and recommendations, in addition to those of paragraph b., should include, as appropriate, but need not be limited to, statements regarding:

1. The allocability to the terminated contract of the total cost included for materials, purchased parts, tooling, labor, etc. Where any of such costs represents an allocation, the method used by the contractor in arriving at such allocation shall be specifically discussed.

2. The fairness of pricing applied to determine the total cost of direct materials.

3. The contractor's accounting (on inventory schedules and otherwise) for all property for which charges are included in the settlement proposal, including specific information relative to:

(a) the cost of material expended in production and the reasonableness thereof, and

(b) the amount and cost of direct material unaccounted for after consideration of property listed on inventory schedules, property incorporated into completed units, or properly expended during production. For example:

Total Direct Material shown on Claim	\$100,000
Less: Material Incorporated into delivered items	\$50,000
Material (cuttings, etc.) expended prior to termination	5,000
Material listed on inventory schedules	<u>32,000</u>
Total Material Accounted For:	<u>87,000</u>
Value of Inventory Not Accounted For:	13,000

4. The allocability of total labor cost.

d. When furnishing comments and recommendations, the Inspector shall provide the contracting officer with a copy of NAVEXOS 4241.

210204. Preparation and Processing of Proposals Under Terminated Cost-Type Contracts

a. Contractors' settlement proposals submitted on DD Form 547 for reimbursement of costs and fee shall be processed as outlined in Paragraph 210201 through 210203.

b. The Inspector shall insure that a written statement indicating the physical percentage of completion and fully explaining the proposed fee adjustment is furnished by the contractor in support of such charge on the DD Form 547.

c. Normally, the adjustment of the fee will be computed on the basis of the physical percentage of completion of the portion of the contract terminated, determined as of the date of termination. It is preferable that such estimate be made on a contract item or lot basis. Since contract items usually vary in complexity, however, the percentage of completion by itself may not represent a true index for the appropriate fee adjustment. The Inspector should therefore request the contractor to supply an item or lot percentage of completion and to assign a weight to the various contract items or lots. Weighting of the complexity of the work on the basis of the ratio of costs incurred, to the total estimated costs of performing the contract, is not acceptable except in rare cases. Normally, weighting should be based upon the difficulty or complexity of a given item in relation to all other items under the contract.

d. The Inspector, in forwarding the contractor's proposal, shall comment upon the contractor's estimate of completion and the weights assigned. The forwarding letter shall also state the Inspector's independent estimate of completion and suggested weights to be applied. The comment letter shall make reference to (1) any unusual problems encountered and/or solved by the contractor in performance of the contract, (2) the contractor's general performance under the contract, and (3) any other noteworthy factors which should be considered in determining the amount of fee to be allowed. The Inspector's comments should be submitted in duplicate.

e. When forwarding the contractor's settlement proposal, the Inspector shall also furnish the statistical data concerning subcontract settlements set forth in 210203.b.11. In addition, information shall also be included with respect to the dollar amount of settlements of all fixed-price subcontracts under the terminated cost-type contract, regardless of the manner in which reimbursement of costs is being effected (Standard Form 1034 or DD Form 547).

210205. Processing Vouchers After Termination of Cost-Type Contracts

a. The contractor may continue to submit all reimbursable costs under the contract on Standard Form 1034 cost vouchers, which will include his own costs allocable to the terminated portion

## PART D. PROCEDURES FOR PROCESSING TERMINATED SUBCONTRACTS

## 210300. Initial Action

a. Upon termination of a contract, the contractor is responsible for initiating action to terminate his immediate subcontracts in accordance with the terms of the contract termination notice. The responsibility rests, in turn, with each subcontractor to terminate his immediate subcontracts in accordance with the terms of the notice of termination which he has received.

b. Immediately following termination, the Inspector cognizant of the terminated contract shall ascertain from the contractor, which subcontractors are expected to file settlement proposals. The Inspector, thereupon, shall secure a copy of the termination notice furnished each prospective claimant and forward such notices, promptly, to the Inspectors cognizant of the subcontractors. The Inspector receiving the notice shall:

1. Notify the departments within his own office which are concerned with administration of the subcontract.

2. Establish a termination case file identical to that established under a terminated contract, as prescribed by Paragraph 210102. However, subject to the requirements of Paragraph 210601, Inspectors may rely upon copies of termination notices, subcontracts, specifications, etc., in the possession of the subcontractor for required information. If the Inspector considers it appropriate, he may request copies of such documents from the Inspector cognizant of the contractor or next higher tier subcontractor. When the subcontractor's documents are used, the Inspector shall so state in any comments or reports based thereon. The termination case file shall be closed by combining the contents with the subcontract file as soon as a copy of the letter granting approval of the settlement is received from the Inspector cognizant of the contractor. For reporting and statistical purposes however, subcontractor claims may be considered complete when the Inspector's comment letter and disposal report have been transmitted to the Inspector responsible for approval of the settlement.

3. Notify the subcontractor that the settlement proposal and supporting inventory schedules must be filed with his Inspector after review by his purchaser.

4. Notify the Inspector cognizant of the contractor or next higher tier subcontractor who forwarded the termination notice, when the subcontractor's proposal is received.

5. Furnish notification similar to that required in this paragraph to Inspectors cognizant of lower tier subcontractors who are expected to file settlement proposals, and action similar to that outlined herein shall be initiated by Inspectors cognizant of such lower tier subcontractors.

c. The primary responsibility for securing settlement proposals from subcontractors rests with the contractor and each higher tier subcontractor, and they should be required to take necessary action through their own organizations to assure the prompt submission of such proposals. However, Inspectors are expected to render such assistance as may be necessary to facilitate prompt submission, as follows:

1. The Inspector shall ascertain the extent of action which the contractor is taking to fulfill this obligation to obtain no-cost settlements or proposals from his subcontractors. If the contractor is taking appropriate action, and if at the expiration of 45 days from the effective date of termination he has received neither a no-cost settlement agreement nor a settlement proposal from each subcontractor, the Inspector shall request Inspectors cognizant of these subcontractors to expedite the submission of such agreements or proposals.

2. Inspectors who are requested to facilitate the submission of settlement proposals or no-cost agreements shall take prompt action to expedite preparation of the documents, by contacting each subcontractor by telephone, personal visit, or other appropriate method, and, periodically, shall advise the Inspector who initiated such request as to the progress made and the date the subcontractors expect to present their settlement proposals or no-cost agreements.

3. Inspectors cognizant of subcontractors who have delayed submission of settlement proposals or no-cost Supplemental Settlement agreements to the contractor, due to their inability to obtain settlement proposals or waivers from lower tier subcontractors, shall initiate immediate action to have the Inspectors cognizant of the lower tier subcontractors expedite submission of their proposals.

d. Unless otherwise directed by the contracting officer, the Inspector cognizant of the contractor may redelegate to the Inspector(s) cognizant of the immediate lower tier subcontractor(s) his authority to act as the representative of the contracting officer in approving settlements between subcontractors. When considered desirable, this delegated authority may be further redelegated, by the Inspector receiving the delegation, to Inspectors cognizant of still lower tier subcontractors. Each Inspector to whom such authority has been redelegated shall have the full responsibility to review and approve the settlements of all lower tier subcontractors of his subcontractor to the same extent as if he were the Inspector cognizant of the contractor, submitting any proposed settlement, where necessary, to appropriate settlement review boards. Upon final approval of all subcontractor settlements effected pursuant to redelegation of this authority, the delegated Inspector shall summarize such approval actions in his letter of comment to the Inspector cognizant of the higher tier contractor. Redelegation of the foregoing authority includes authorization for the approval of partial payment applications, within prescribed limitations. The authority redelegated pursuant to the provisions of this paragraph shall apply to a specific contract and shall not be on a continuing basis.

e. Termination Compliance Report, NAVEXOS-4228, may be used in connection with terminated subcontracts, at the option of the cognizant Inspector and to the extent considered appropriate.

#### 210301. Preparation and Processing of Subcontractors' Termination Settlement Proposals

a. General. As provided in Part F, contractors may be granted authorization to conclude certain subcontractor settlements without approval or ratification by the Government. Except for periodic selective review of the exercise of such

authority, as required by Paragraph 210505, the Inspector has no responsibility for processing such terminated subcontracts, and the procedures contained herein are not applicable thereto.

#### b. Preparation

1. Subcontractors' claims for reimbursement of termination costs may be submitted in any manner acceptable to the purchaser. However, in view of the fact that subcontractor claims are subject to review by the Government, it is desirable that they be submitted on the appropriate combination of Department of Defense forms delineated in paragraph 210104.a.

2. It is also desirable that subcontractor claims be presented, normally, on an inventory basis. Therefore, contractors and higher tier subcontractors should be advised to consider carefully subcontractors' requests to use the Total Cost Basis, and to grant authority for its use only where a thorough review of the scope contemplated in paragraph 210104.b. indicates that the use of the inventory basis is not feasible.

3. A subcontractor with a series of separate purchase orders for similar items under a single terminated contract should file a consolidated settlement proposal whenever possible, in lieu of dividing these into several claims.

c. Filing. Prior to submission of a subcontractor's proposal to his cognizant Inspector, such proposal shall be forwarded to the purchaser for preliminary review as to form, general content, and possibility of settlement under his delegated authority. If the claim is within the limits of his delegated authority of approval, the purchaser shall so advise the subcontractor. If the claim exceeds his authority, or the purchaser has not been granted authority, he shall advise the subcontractor of his approval as to form and general content and instruct him to file his claim with the Inspector cognizant of the subcontract in the quantity required by Paragraph 210600, together with a copy of the purchaser's letter of advice. Detailed instructions covering the preparation and processing of subcontractor inventory schedules are contained in Chapter 11.

d. Accounting Review. Instructions and procedures relating to accounting reviews of subcontractors' settlement proposals are set forth in Paragraph 210106.

PART F. AUTHORIZATION TO CONTRACTORS FOR SETTLEMENT OF  
SUBCONTRACTORS' TERMINATION CLAIMS OF \$10,000  
AND LESS

210500. Authorization to Conclude Sub-  
contractors' Settlements

a. Authorization granted to contractors. If the procedures used by the contractor in settling termination claims (including proposals for retention, sale, or other disposal of termination inventory) of his subcontractors are considered adequate, the cognizant Inspector may, upon the written request of the contractor, authorize the contractor to conclude settlement of the termination claims of his subcontractors without further review by the Navy. Such settlements will be reimbursable in accordance with the termination clause of the contract, without requiring approval or ratification by the contracting officer or cognizant Inspector, subject to the following conditions and requirements:

1. The amount of such subcontract termination settlement shall not exceed \$10,000, computed in accordance with the provisions of ASPR, Section VIII, paragraph 8-101.1.

2. Authorization for settlement of subcontractors' termination proposals between \$2,500 and \$10,000 shall not be granted by the Inspector without the express written approval of the head of the procuring activity concerned, or the deputy or principal assistant responsible for contract matters.

3. Any termination inventory involved has been disposed of in accordance with subparagraph 211301, b. 4(d) of Chapter 11. Government-furnished material shall be screened and disposed of with Government approval in accordance with requirements of Chapters 11 and 12. Completed articles shall be processed similarly, except that screening and disposition by the Government will not be required if the amount of completed articles on hand (not delivered under the subcontract or purchase order) when added to the amount of the settlement proposal (computed as outlined in subparagraph 1, above) does not exceed the limits of authorization granted. Disposal credits resulting from the disposition of such Government-furnished material and completed articles shall be applied to reduce the gross settlement.

4. Each settlement proposal is accompanied by a certificate substantially in the form of the certificate shown under Article 210605.

b. No Direct Authorization to Subcontractors. Authorization to settle claims of lower-tier subcontractors shall not be granted to subcontractors. However, a contractor authorized to approve subcontractors' settlements without Government approval or ratification may exercise such authority under terminated contracts or orders, in his capacity as either a contractor or subcontractor. When exercising such authority as a subcontractor, however, notification thereof shall be furnished the purchaser.

c. Scope of Authorization

1. Any authorization granted to contractors for settlement of subcontractors' claims shall be applicable to all existing and future terminated contracts of all procuring activities with the Department of Defense, unless a particular contracting officer within DOD complies with the provisions of paragraph 8-208.4(a)(3) of ASPR for withholding the exercise of such authorization in connection with any contracts which he is administering.

2. In accordance with the foregoing instructions, Inspectors of the Material Inspection Service, USN, will honor such authorizations granted to contractors by the other Services of the Department of Defense. Where such authorization from another Service is expected to be exercised in connection with one or more subcontractor settlements under a terminated Navy Department contract, the Inspector shall promptly notify the contracting officer to this effect. Where the Inspector is aware of any reason for not extending such recognition, appropriate comments and recommendations shall be submitted to the cognizant Navy contracting officer.

3. Authorization granted under this article extends to lower-tier subcontractor claims included in proposals of the immediate subcontractors only when the amounts claimed by such re-

mote subcontractors, when added to the amount of the immediate subcontractor's proposal (computed in accordance with the provisions of ASPR, Section VIII, paragraph 8-101(1)), do not exceed the limits of the authorization granted.

4. Authorizations granted pursuant to this article are not to be exercised with respect to affiliated subcontractors or suppliers. Contractors will be considered to be affiliated if they are under common control or there is any common interest between them by reason of stock ownership, or otherwise, which is sufficient to create a reasonable doubt that bargaining between them will be completely at arm's length.

210501. Separate and Consolidated Settlements

a. Instructions applying to separate and consolidated settlements are set forth in ASPR, Section VIII, paragraph 8-209.6.

210502. Amount of Settlement

a. The method of determining the amount of a settlement is set forth in ASPR, Section VIII, paragraph 8-101.1.

b. Under a cost-reimbursement subcontract, when the settlement is limited to an adjustment of the fee, the amount of the settlement shall be either the fee as adjusted with respect to the entire subcontract (if the subcontract has been terminated in its entirety) or the fee as adjusted with respect to the terminated portion of the subcontract (if the subcontract has been terminated in part).

210503. Review by the Inspector

Each Inspector authorizing a contractor to conclude settlements shall be responsible for making a periodic selective review of the settlements made under such authorization. This review shall be conducted in accordance with ASPR, Section VIII, paragraph 8-208.4(c) to determine whether the authorization should remain in effect or be revoked. Such reviews shall be made whenever they are deemed necessary by the Inspector granting the authorization, but in no case shall the time between reviews exceed one year. In making reviews, the Inspector shall reappraise each of the factors listed in paragraph 210506.b. In this connection, the Inspector may request the assistance of the military department auditor and the

cognizant disposal office. Authorizations which require prior approval of the head of the procuring activity shall not be revoked without the concurrence of the procuring activity concerned.

210504. Approval by the Contracting Officer or Authorized Representative

In authorizing contractors to settle subcontractors' termination claims without further review by the Navy, the cognizant Inspector will be acting as the authorized representative of the contracting officer. Accordingly, the granting of such authorizations is subject to the over-all supervision of the contracting officer, and such authorizations shall not be granted in cases where the contracting officer has expressed disapproval of such action.

210505. Disposal Actions

All disposal action taken by a contractor or subcontractor in accordance with the provisions outlined in Part F of this chapter shall be subject to and governed by the applicable provisions of paragraph 212106.c. of Chapter 12, except that approval by the Inspector and the disposal office are not required.

210506. Applications for Grant of Authorization

a. Required Information. Applications submitted to Inspectors by contractors requesting authorization to settle their subcontractors' termination claims may be in letter form and should contain the following information:

1. Name of contractor.
2. Address of the principal office of the contractor.
3. Name and location of divisions of the applicant's plant for which authorization is requested.
4. A full description of the applicant's organization for handling terminations, including the names of the officials in charge of the applicant's procedures for processing and settling claims.
5. The number and dollar amount (estimated if necessary) of uncompleted contracts with Government contracting

## PART G. TABLES, CHARTS, AND FORMS

210600. Instructions for Submission of  
Inventory Schedules and Settlement  
Proposals

a. The contract termination documents which contractors are required to submit to their cognizant Inspectors are listed in the table below. The number of copies

specified in the table is for Navy use only; additional copies required by subcontractors should be added. When subcontractors' claims of \$10,000 or less are settled under grant of authorization without further review by the Navy, no settlement proposals or inventory schedules are filed with the Inspector.

	Contractor or Subcontractor	
	Inventory Schedule	Settlement Proposal and Schedule of Accounting Information
Inventory schedules submitted in advance of the settlement proposal -----	15	0
Settlement proposal including claims for inventory submitted previously -----	4	6
Inventory and settlement proposals sub- mitted concurrently -----	19	6

b. The original and three copies of all forms requiring signature are to be signed by an authorized official. If signed by other than an officer, owner, or partner, a copy of the authority to sign should be attached. The supplier's signature shall be stamped or typewritten on the remaining copies of the documents.

c. The channels for submission of termination settlement proposals and termination inventory schedules prepared by contractors and subcontractors are as follows:

1. From a subcontractor to the contractor or next higher-tier subcontractor who returns it to the subcontractor for submission to his cognizant Inspector.

2. From a contractor to the Inspector cognizant of the terminated contract.

d. Immediately upon approval of the contractor's interim or final settlement proposal as to form, one copy shall be clearly marked "ADVANCE COPY - FOR INFORMATION ONLY" and forwarded to the contracting officer.

210601. Minimum Listing of Documents  
and Reports to be Retained in  
Inspectors' Files

a. The minimum requirements for termination documents and reports to be retained in the Inspector's file are specified in the table on the following page.

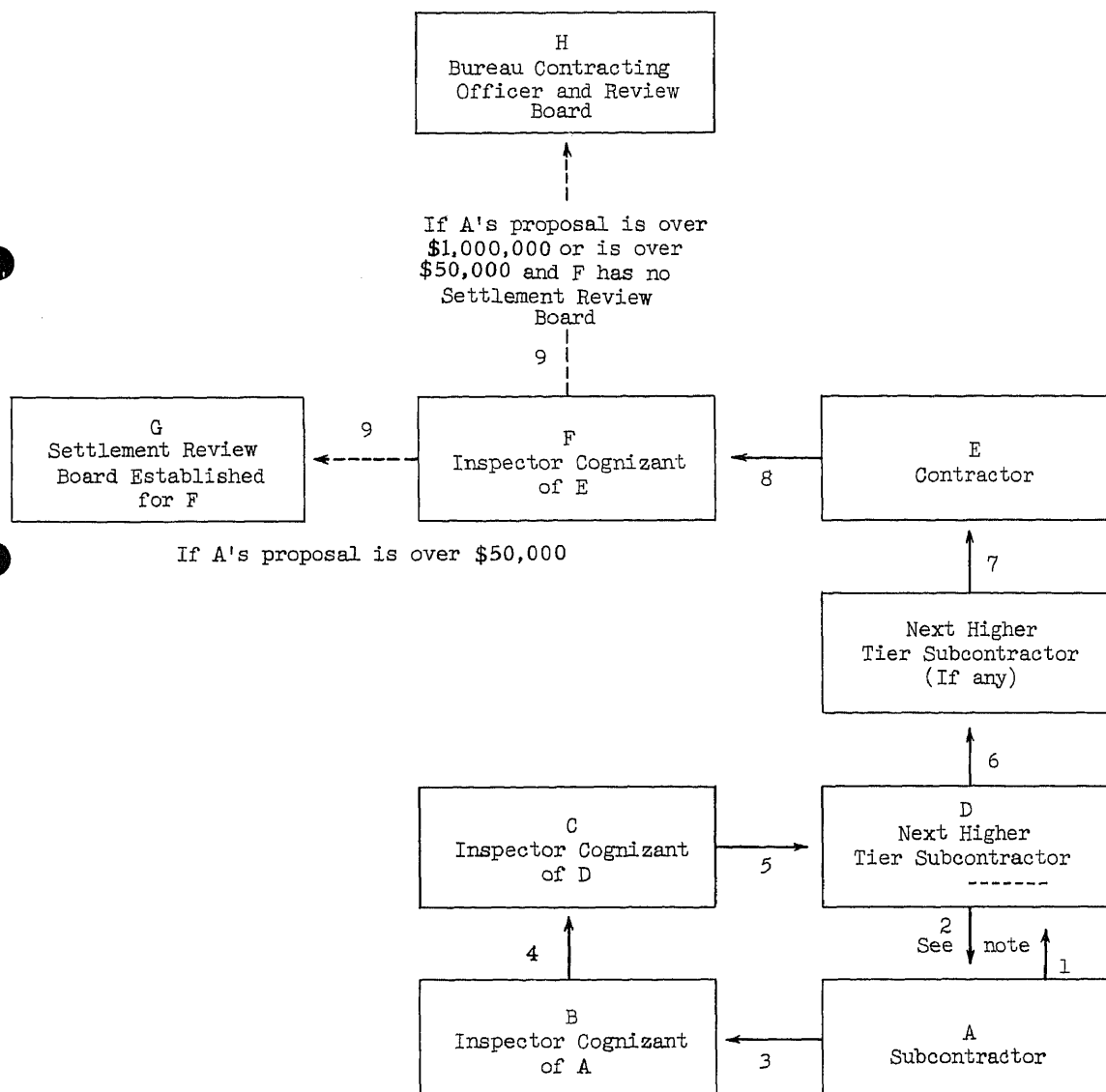
Documents and Reports	ACTION				
	Comment on contractor's settlement proposal	Review and approval of sub-settlements of \$25,000 or less by contractor's Inspector (Note a.)	Review and approval of sub-settlements between \$25,000 and \$500,000 by contractor's Inspector	Review of sub-settlements over \$500,000 by contractor's Inspector (Note b.)	Comment on sub-contractor's settlement proposal by his Inspector
1. Contract or purchase order ----	X	---	X	X	X
2. Termination notice -----	X	---	X	X	X
3. Contractor's settlement proposal-----	X	X	X	X	X
4. Contractor's inventory schedules-----	X	X	X	X	X
5. Schedule of Accounting Information-----	(Note d.)	(Note d.)	X	X	(Note d.)
6. Military department audit report-----	X	(Note c.)	X	X	(Note c.)
7. Comments of the contractor's or subcontractor's inspector--	X	X	X	X	X
8. Termination inventory disposal report -----	X	X	X	X	X
9. Contractor's written comments on sub-claims (as required) --	---	X	X	X	X
10. Settlement agreement between the contractor and his subcontractor or evidence that an agreement has, in fact, been made. The statement in the contractor's settlement proposal that he has settled with his subcontractor is sufficient for this purpose -----	---	X	X	X	---
11. Letter of recommendation of the Inspector to settlement review board-----	---	---	X	X	---
12. Memorandum of findings and decisions of Inspector's settlement review board -----	---	---	X	X	---
13. Inspector's memorandum of his review of the case -----	---	X	X	X	---
14. Inspector's letter to the contractor approving subcontract settlements -----	---	X	X	---	X
15. Letter of recommendation to the contracting officer -----	X	---	---	X	---
16. Records of partial payments or other forms of financing, including applications, correspondence and documents in connection therewith-----	X	X	X	X	X
17. Other data; i. e., significant correspondence with and documents of contractors, other Inspectors, and audit agencies, as well as memorandums of important conversations with them -----	X	X	X	X	X

NOTES: a. Including selective review of settlements made under an authorization of \$10,000 or less.  
b. Over \$25,000 in the absence of Inspector's settlement review board.  
c. When required by the Inspector processing a proposal or approving a settlement.  
d. For claims in excess of \$1,000.



## 210602. Routing of Subcontractors' Settlement Proposals

a. The following chart shows the routing of subcontractor settlement proposals.



Note: The subcontractor (A) should forward the settlement proposal directly to the next higher tier contractor (D), for preliminary review prior to submission to his cognizant Inspector.

## 210603. Termination Compliance Report, NAVEXOS 4228

a. Use of Form. A Termination Compliance Report, NAVEXOS 4228, shall be prepared and submitted in accordance with the requirements of subparagraph 210100.b.1. Instructions applicable to the preparation of NAVEXOS 4228 are set forth on the reverse side of the form. (See Figure 10-1.)

b. Distribution. When the Termination Compliance Report concerns a terminated contract, a copy of this report shall be furnished the contracting officer. Where the Inspector believes that the information contained in the report could be useful to the cognizant disposal office or the military department auditor, a copy may be supplied to these activities. If used in connection with a terminated subcontract, this report should be retained in the files of the cognizant Inspector and distribution thereof is not required.

SPECIMEN									
TERMINATION COMPLIANCE REPORT NAVEXOS 4228				PART I		Submit in quadruplicate			
1. FROM <b>Director, Property/Termination Department</b>						2. DATE <b>Oct 5, 1961</b>			
3. TO <b>Quality Assurance Director</b>									
4. CONTRACT/ORDER TERMINATED <b>NObs 56789</b>			5. EFF. DATE TERMINATION <b>Oct 4, 1961</b>			6. CONTRACTOR OR SUPPLIER (Name, City, State) <b>Young Manufacturing Company, Dayton</b>			
7. IF SUBCONTRACT, INDICATE: (a) PRIME CONTRACT NO. _____ (b) PURCHASER: _____									
8. EXTENT OF TERMINATION ACTION <input checked="" type="checkbox"/> ALL UNDELIVERED ITEMS <input type="checkbox"/> LOT NO. _____ <input type="checkbox"/> ITEM NO. _____									
9. AUTHORITY FOR TERMINATION <b>BUSHIP msg ref 1716/6 dtd 10/3/61</b>									
10. SIGNATURE <b>J. Shields</b>						11. TITLE <b>Property/Termination Director</b>			
PART II									
12. WORK STOPPAGE VERIFIED BY: <input checked="" type="checkbox"/> VISIT PRODUCTION AREA <input type="checkbox"/> REVIEW PRODUCTION RECORDS <input type="checkbox"/> OTHER (Specify) _____ on <b>Oct 6, 1961</b>									
13. CONTRACTOR TERMINATED <b>26</b> SUBCONTRACTS ON <b>Oct 5, 1961</b> BY FOLLOWING METHOD OF NOTIFICATION: <input checked="" type="checkbox"/> TELEGRAM <input type="checkbox"/> TELEPHONE CONFIRMED BY LTR/TELEGRAM <input type="checkbox"/> OTHER (Specify) <b>confirmed by letter dtd Oct 12, 1961</b>									
14. WILL CLAIM BE PRESENTED: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> UNDETERMINED IF "YES" APPROX. DATE <b>Nov 15, 1961</b> EST. AMT. <b>\$400,000</b>									
15. STATUS OF COMPLETED/SUBSTANTIALLY COMPLETED CONTRACT ITEMS									
DESCRIPTION			STATUS		ESTIMATE TO COMPLETE				
(a) LOT	(b) ITEM	(c) QUANTITY	(d) COMPLETION %	(e) INSPECTION	(f) COST	(g) TIME			
I	1	41	95%		\$50 each	10 hrs per unit*			
*final assembly only									
16. DOES THE AMOUNT OF COMPLETED ITEMS INDICATE UNREASONABLE ANTICIPATION OF PRODUCTION SCHEDULES? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO									
17. TERMINATION INVENTORY CONSISTS OF:									
ITEM	APPROX. VALUE	GENERAL DESCRIPTION							
RAW MATERIALS & PURCHASED PARTS	85,000	metals; brass; misc raw plastics; elec comp.							
WORK IN PROCESS	200,000	door assemblies, armature assemblies, etc.							
FINISHED COMPONENTS	20,000	brackets, collars, frames, etc.							
DIES, JIGS, & FIXTURES	20,000	compound & piercing dies; tapping & re-forming							
COMPLETED PRODUCTS	0 -	fixtures, etc.							
18. POSSIBLE DIVERSIONS			CONTRACTOR'S ESTIMATE			INSPECTOR'S ESTIMATE			
			VALUE	%	NO.	VALUE	%	NO.	
a. CAN CONTRACTOR'S INVENTORY BE DIVERTED TO OTHER WORK?			- 0 -		XXX	9,000	10*	XXX	
b. CAN MATERIAL/SUPPLIES BE RETURNED TO SUPPLIERS?					XXX			XXX	
c. CAN SUBCONTRACTS BE DIVERTED TO OTHER WORK?				XXX	*raw metals only		XXX		
19. NAME AND TITLE OF CONTRACTOR'S REPRESENTATIVE <b>William Drake, plant manager</b>									
20. REMARKS <b>contractor acknowledges that part of the raw metals may be diverted, but has declined to furnish any estimate at this time.</b>									
21. SIGNATURE (Person completing Part II) <b>I.N. Spector</b>						22. TITLE <b>Electronic Inspector</b>		23. DATE <b>Oct 10, 1961</b>	
SPECIMEN									

Figure 10-1a. Termination Compliance Report, NAVEXOS 4228 (Front)

representing \_\_\_\_\_ percent of dollar cost, and based thereon, this Office is of the opinion that the quantities shown are substantially correct; except: \_\_\_\_\_.

This Office has also examined for conformance to specifications \_\_\_\_\_ percent of quantity representing \_\_\_\_\_ percent of dollar cost of items other than completed articles. Based upon this examination, this Office is of the opinion that the inventory is in (good, normal, poor, etc.) physical condition and includes \$ \_\_\_\_\_ worth of rejects and/or spoilage, which is reasonable in view of the production experience of the contractor, with the following exceptions: \_\_\_\_\_. The inventory schedules attached hereto have been marked to indicate the shortages, unallocable items, etc. The totals of each, by categories, are as follows: \_\_\_\_\_.

d. Allocability of inventory to terminated contract: Based upon an examination of the contract, a review of the inventory schedules, and the foregoing check of the inventory, all items of inventory are allocable to the terminated portion of the contract, except as indicated in paragraph c., above. In the opinion of this Office, the inventory is not excessive and does not reflect unreasonable anticipation of production schedules, except: \_\_\_\_\_. All special tools, dies, jigs, etc., which should be invoiced separately, have been excluded from this settlement proposal. All tools, jigs, dies, etc., included in this settlement proposal are fully allocable to the terminated portion of the contract, except: \_\_\_\_\_.

e. Pricing of raw materials and purchased parts, etc: This Office has compared the prices on vendors' invoices to the extent of \_\_\_\_\_ percent of the number of line items representing \_\_\_\_\_ percent of the dollar value of raw materials, purchased parts, etc. (unfabricated components), listed on the inventory schedules. Based upon this examination, the pricing of raw materials, purchased parts, etc., is considered reasonably correct, except: \_\_\_\_\_.

f. Stoppage of work, cancellation of subcontracts, diversion of materials: In accordance with the termination notice, the contractor stopped work, promptly, as required, and promptly terminated all subcontracts or purchase orders as required, except: \_\_\_\_\_. The contractor diverted approximately \$ \_\_\_\_\_ of common items and \_\_\_\_\_ (number) purchase orders with a value of approximately \$ \_\_\_\_\_. He retained other inventory of approximately \$ \_\_\_\_\_ value. In this area of diversion and retention, the contractor has been (cooperative, noncooperative).

g. Disposal credits: All disposal credits to the date of the settlement proposal have been properly reflected in the settlement proposal. The Inventory Disposal Report, NAVEXOS 3575, is (will be) furnished the addressee herewith (on date). A copy of each Property Disposal Review Board approval action, as required by line 28 of that report, has been (will be) attached thereto. (No approvals of Property Disposal Actions were obtained inasmuch as none were required by Chapter 12, Volume 2 of this Manual.)

h. Settlement expenses: The settlement expenses claimed by the contractor are considered by him to be (final) (partial) since further costs (will) (will not) be incurred for \_\_\_\_\_. The costs claimed as settlement expense are (are not) considered to be both necessary and reasonable because \_\_\_\_\_.

i. Subcontracts: Included in the contractor's claim are \_\_\_\_\_ (number) settlements with subcontractors, with a total value of \$ \_\_\_\_\_. Of these \_\_\_\_\_ (number) settlements \_\_\_\_\_ (number) were approved by the Inspector following review by the Bureau Settlement Review Board and \_\_\_\_\_ (number) were approved following review by the Inspector's Settlement Review Board. \_\_\_\_\_ (number) under \$25,000 were approved by the Inspector, and the contractor approved \_\_\_\_\_ (number) under \$ \_\_\_\_\_ pursuant to his Delegation of Authority. The foregoing, accounts for all settlements with subcontractors except: \_\_\_\_\_ (indicate all applicable outstanding settlement proposals which have not been approved by the Government or by the contractor pursuant to delegated authority, and furnish detailed comments concerning the status and circumstances of each such proposal).

j. Allocability of subcontracts: This Office has relied upon the certificate required under ASPR, subparagraph 8-208.4(a)(1)(iii), as to the allocability of claims of subcontract settlements of \$ \_\_\_\_\_ (insert limit of authorization granted) or less, made pursuant to the delegation of authority granted to the contractor under the above provision. The allocability of all other subcontracts to the contract has been established to the satisfaction of this Office.

k. Cost comments: This Office agrees with the treatment by the military department auditor of all of the costs, including costs questioned and/or disallowed, except for \_\_\_\_\_ (insert specific recommendations regarding any item of cost with which the Inspector is not in full accord with the auditor's treatment, or on which the Inspector has knowledge which would affect the negotiation position of the contracting officer. The Inspector's evaluation of costs should include consideration of the technical necessity, allocability, and reasonableness of the costs claimed by the contractor).

l. Other remarks: All special problems connected with this settlement proposal, not commented on above, should be explained in this paragraph. The Inspector should include appropriate comments whenever a loss contract is indicated, and should also furnish significant comments bearing on the amount or rate of profit payable under the settlement proposal. In addition, where the claim was submitted on the total cost basis, the Inspector should cite the authority for such submission; should indicate whether, in his opinion, all direct material (the cost of which is listed in the settlement proposal) is allocable, reasonably priced, and properly accounted for on the inventory schedules and through delivered items or items consumed during production; and should indicate whether all direct labor and other direct charges are reasonably applicable to production under the contract.

\_\_\_\_\_  
(Signature)

210605. Suggested Format of Letter of Authorization to Contractors to Settle Subcontractors' Claims

1. In consideration of your written request of (date) and pursuant to paragraph 8-208.4 of the Armed Services Procurement Regulation (ASPR), you are authorized, subject to the limitations of ASPR and those stated below, to settle, without further approval of the Government, all subcontracts and purchase orders terminated by you as a result of a Department of Defense contract being modified or terminated for the convenience of the Government, or subcontracts or purchase orders which have been terminated under any other circumstances that may require the Government to bear the cost of their settlement. This authorization does not extend to the disposition of Government-furnished material and completed articles not delivered under the subcontract or purchase order, as these require screening and approval of disposal actions by the Government; except that allocable completed articles may be disposed of without Government approval or screening if the total amount (at subcontract price) when added to the amount of settlement (as computed below) does not exceed \$ \_\_\_\_\_ (insert limit of authorization being granted).

2. This authorization is subject to the following conditions and requirements:

a. The amount of such subcontract termination settlement does not exceed \$ \_\_\_\_\_ (insert limit of authorization being granted), computed as follows: (1) credits for retention or other disposal of termination inventory allocated to the claim, and for advance or partial payments, shall not be deducted from the gross claim or settlement; but (2) amounts payable for completed articles or work at the contract price, or for the settlement or discharge of termination claims of subcontractors (except those settlements which have not been approved by the Government), shall be deducted.

b. Any termination inventory involved has been disposed of in accordance with the procedures set forth in Armed Services Procurement Regulation, paragraph 8-513, except that screening and Government approval of scrap and salvage determinations are not required.

c. Each such settlement is accompanied by a certificate (see following page).

## CERTIFICATE

The undersigned, individually and as an authorized representative of the Seller, certifies that he has examined this settlement proposal and that, to the best of his knowledge and belief:

(1) As to Seller's Own Charges. -- The proposed settlement (exclusive of subcontractors' charges) and any supporting schedules and explanations have been prepared from the books of account and records of the seller in accordance with recognized commercial accounting practices; they include only those charges allocable to the terminated portion of the seller's contract or purchase order; that the inventory charged is not in excess of the reasonable quantitative requirements of the terminated portion of the subcontract or purchase order, and does not include any items reasonably usable, without loss to the seller, on its other work; that the deduction for inventory retained or disposed of is fair and reasonable, and not less than the fair value of such inventory; that the proposal has been prepared with the knowledge that it will, or may, be used directly or indirectly as the basis for settlement of a claim or claims against the United States or an agency thereof; and that the charges as stated are fair and reasonable. The seller agrees to inform the buyer of any substantial change in the status of the inventory claimed in the foregoing settlement proposal and not previously disposed of by the seller between the date hereof and the final disposition of said inventory.

(2) As to Charges of Lower Tier Subcontractors. -- (a) The seller has examined, or caused to be examined, to an extent it considers adequate in the circumstances, the claims of its immediate subcontractors included herein (exclusive of claims filed against such subcontractors by their subcontractors), and has obtained any necessary approvals of the contracting officer or his duly authorized representative; (b) the settlements of immediate subcontractors' own charges are fair and reasonable, said charges are allocable to the terminated portion of this contract or purchase order, and said settlements were negotiated in good faith and are not more favorable to its immediate subcontractors than if the Government were not involved; (c) the seller has received from all its immediate subcontractors, certificates substantially in the form of this certificate; and (d) with respect to more remote subcontractors, the seller has no information leading it to doubt the reasonableness of their settlements or the allocability thereof to the terminated portion of this contract or purchase order. Upon receipt by the seller of amounts covering settlements with its immediate subcontractors, the seller will pay or credit them promptly with the amounts so received, to the extent that it has not previously done so. The term subcontractor as used above includes suppliers.

d. Authorization granted herein extends to lower-tier subcontractor claims included in the proposals of your immediate subcontractors, only when the amounts claimed by such remote subcontractors, when added to the amount of the immediate subcontractor's proposal (computed in accordance with Armed Services Procurement Regulation, Section VIII, paragraph 8-101.1) does not exceed \$ \_\_\_\_\_ (insert limit of authorization granted). Claims of remote subcontractors which fall beyond the scope of your authority shall be processed by the Government, and settlement thereof shall be approved by the Government prior to the exercise of your authority in approving the proposal of your immediate subcontractor concerned therewith.

e. The contracting officer or purchaser may incorporate specific instructions in each Notice of Termination as to the disposition of specific items of termination inventory, or the contracting officer or purchaser may, at any time prior to final settlement, issue such specific instructions. No such instructions, however, will affect any disposal action taken by you or your subcontractors prior to receipt thereof.

f. The settlements made by you with your subcontractors and suppliers pursuant to the authorization granted herein, including sales, retention, or other dispositions of property involved in making such settlements, shall thereupon be reimbursable in accordance with Armed Services Procurement Regulation, Section VIII, and the termination

clause of the contract, and will not require approval of the contracting officer or his authorized representative.

g. Any number of separate settlements of \$ \_\_\_\_\_ (insert limit of authorization granted) or less may be made with a single contractor. Claims which would normally be included in a single settlement proposal, such as those based on a series of separate orders for the same item under one contract, should be consolidated wherever possible, and must not be divided in such a way as to bring them within the authorization.

h. The authorization to make settlements provided for herein is not to be exercised in the case of a subcontractor or supplier who is affiliated with you. For this purpose you should consider a contractor to be affiliated with you if you are under common control or there is any common interest between you by reason of stock ownership or otherwise, which is sufficient to create a reasonable doubt that the bargaining between you is completely at arm's length.

i. A representative of this office will, from time to time, review your methods used in negotiating settlements with your subcontractors and may make a selective examination of such settlements made by you. Where such a review indicates that you are not adequately protecting the Government's interest, this delegation will be revoked.

Signed \_\_\_\_\_  
(Inspector)

210606. Suggested Format of Letter of Recommendation to Inspector's Settlement Review Board on a Subcontractor's Proposed Settlement

(Date)

From: (Inspector)

To: Settlement Review Board

Subj: Contract Termination--Recommendation of Approval of Settlement in the sum of \$ \_\_\_\_\_ between \_\_\_\_\_ (buyer) and \_\_\_\_\_ (seller).

1. The following data is supplied with reference to subject settlement:
  - a. Contract Number.
  - b. Contractor's name and address.
  - c. Buyer's name and address (if a subcontractor).
  - d. Seller's name and address.
  - e. Basis of obligation of Government to pay \_\_\_\_\_; that is, described termination, change order, or other action by the Navy resulting in the termination of the contract which in turn resulted in the termination of the seller's contract.
  - f. Inspector cognizant of the seller (i.e., INSMAT New York, BAR Akron, etc.)
  - g. Number of seller's contract or purchase order on which claim is based.
  - h. Date of termination of seller's contract or purchase order and quantity terminated.
  - i. Date seller's claim was filed with seller's Inspector.
2. This Office finds that the buyer and seller arrived at a negotiated settlement of subject claim in the sum of \$ \_\_\_\_\_.
3. In the opinion of this Inspector, subject subcontract is allocable to the contract identified in paragraph 1(a) of this letter.
4. All settlements of subcontract termination claims included in the proposed settlement have been approved by this office or processed under authority delegated pursuant to Armed Services Procurement Regulation, Section VIII, paragraph 8-208.4.

5. This Inspector has the following comments to make on significant matters (comment on any matters which will assist the Board in taking prompt action and which it might otherwise question; for example, items recommended by the Military Department Auditor for disallowance or for further consideration, unfavorable comments of the seller's Inspector, etc.).
6. There has been no unreasonable delay in filing the seller's claim. (If unreasonable delay has occurred, describe the reason for the delay.)
7. On the basis of the review of the enclosures to this letter and of the above comments, this Office is of the opinion that subject settlement is (is not) fair and reasonable and it is recommended that it be approved (disapproved).

---

(Inspector)

Encls:

1. Seller's Settlement Proposal.
2. Military Department Auditor's comments.
3. Comments of seller's Inspector.
4. Buyer's Settlement Proposal and Certificate as to reasonableness of settlement with seller.
5. Any other significant documents used by the Inspector.

210607. Contract Termination Forms

This paragraph consists of illustrations of the various contract termination

forms with typical fill-in data in appropriate spaces of the forms (see succeeding pages).

DEPARTMENT OF DEFENSE <b>SETTLEMENT PROPOSAL (Inventory Basis)</b>						Form approved. Budget Bureau No. 22-R071.		
FOR USE BY A FIXED-PRICE PRIME CONTRACTOR OR FIXED-PRICE SUBCONTRACTOR								
THIS PROPOSAL APPLIES TO (Check one) <input checked="" type="checkbox"/> A PRIME CONTRACT WITH THE GOVERNMENT <input type="checkbox"/> SUBCONTRACT OR PURCHASE ORDER SUBCONTRACT OR PURCHASE ORDER NO(S).				COMPANY <b>Young Manufacturing Company</b>				
CONTRACTOR WHO SENT NOTICE OF TERMINATION NAME ADDRESS				STREET ADDRESS <b>1234 South East Street</b> CITY AND STATE <b>Dayton 12, Ohio</b> NAME OF GOVERNMENT AGENCY <b>U. S. Navy, Bureau of Ships</b> GOVERNMENT PRIME CONTRACT NO.    CONTRACTOR'S REFERENCE NO. <b>NObs 56789    YB-411</b>				
IF MONEYS PAYABLE UNDER THE CONTRACT HAVE BEEN ASSIGNED, GIVE THE FOLLOWING NAME OF ASSIGNEE ADDRESS				EFFECTIVE DATE OF TERMINATION <b>Oct 4, 1961</b> PROPOSAL NO.    CHECK ONE <b>1    <input type="checkbox"/> INTERIM    <input checked="" type="checkbox"/> FINAL</b>				
DD FORM 546 (Schedule of Accounting Information) <input checked="" type="checkbox"/> IS <input type="checkbox"/> IS NOT ATTACHED. (If not, explain)								
SECTION I—STATUS OF CONTRACT OR ORDER AT EFFECTIVE DATE OF TERMINATION								
PRODUCTS COVERED BY TERMINATED CONTRACT OR PURCHASE ORDER  (a)		PREVIOUSLY SHIPPED AND INVOICED (b)	FINISHED ON HAND		UNFINISHED OR NOT COMMENCED		TOTAL COVERED BY CONTRACT OR ORDER (g)	
			PAYMENT TO BE RECEIVED THROUGH INVOICING (e)	INCLUDED IN THIS PROPOSAL (d)	TO BE COMPLETED (Partial termination only) (c)	NOT TO BE COMPLETED (f)		
<b>SC 322 M Instruments</b> Quantity    1,240 \$    1,364,000		200 220,000				960 1,056,000	2,400 2,640,000	
								Quantity
								\$
								Quantity
SECTION II—PROPOSED SETTLEMENT								
NO.	ITEM (a)	(Use Columns (b) and (c) Only Where Previous Proposal Has Been Filed)		TOTAL PROPOSED TO DATE (d)	FOR USE OF CONTRACTING AGENCY ONLY (e)			
		TOTAL PREVIOUSLY PROPOSED (b)	INCREASE OR DECREASE BY THIS PROPOSAL (c)					
1	METALS (from DD Form 542)			28,425				
2	RAW MATERIALS (other than metals) (from DD Form 543)			21,503				
3	PURCHASED PARTS (from DD Form 543)			25,309				
4	FINISHED COMPONENTS (from DD Form 543) (See Schedule A)			19,399				
5	MISCELLANEOUS INVENTORY (from DD Form 543)							
6	WORK IN PROCESS (from DD Form 544) (See Schedule A)			179,115				
7	DIES, JIGS, FIXTURES AND SPECIAL TOOLS (DD Form 545)			17,630				
8	OTHER COSTS (from Schedule B)			1,080				
9	GENERAL AND ADMINISTRATIVE EXPENSES (from Schedule C)			8,774				
10	TOTAL (Items 1 to 9 inclusive)			301,235				
11	PROFIT (explain in Schedule D)			15,062				
12	SETTLEMENT EXPENSES (from Schedule E)			2,763				
13	TOTAL (Items 10 to 12 inclusive)			319,060				
14	SETTLEMENTS WITH SUBCONTRACTORS (from Schedule F)			7,297				
15	ACCEPTABLE FINISHED PRODUCT (from DD Form 543)							
16	GROSS PROPOSED SETTLEMENT (Items 13 thru 15)			326,357				
17	DISPOSAL AND OTHER CREDITS (From Schedule G)			61,567				
18	NET PROPOSED SETTLEMENT (Item 16 less 17)			264,790				
19	ADVANCE, PROGRESS & PARTIAL PAYMENTS (From Schedule H)			-				
20	NET PAYMENT REQUESTED (Item 18 less 19)			264,790				

DD FORM 540  
1 APR 57

1

REPLACES DD FORM 540, 1 MAR 54, WHICH IS OBSOLETE

Figure 10-2a. Settlement Proposal (Inventory Basis), DD Form 540 (Page 1)



SCHEDULE A—ANALYSIS OF INVENTORY COST (Items 4 and 6)				
Furnish the following information (unless not reasonably available) in respect to inventories of finished components and work in process included in this proposal:				
	TOTAL DIRECT LABOR	TOTAL DIRECT MATERIALS	TOTAL INDIRECT EXPENSES	TOTAL
FINISHED COMPONENTS	8,024	3,387	7,988	19,399
WORK IN PROCESS	67,805	43,810	67,500	179,115

SCHEDULE B—OTHER COSTS (Item 8)			
ITEM	EXPLANATION	AMOUNT	FOR USE OF CONTRACTING AGENCY ONLY
Loss on Facilities			
1 Cincinnati 12" x 36" cylindrical grinder, Type KK - Total cost \$2,700. Cost applicable to terminated portion of contract:	$\frac{960}{2,400} \times 2,700$	1,080	
This machine was purchased specifically for and is usable only on this contract. It was sold for \$250 as approved by the disposal officer. The disposal credit is reported on Schedule G, below.			

SCHEDULE C—GENERAL AND ADMINISTRATIVE EXPENSES (Item 9)			
DETAIL OF EXPENSES		AMOUNT	FOR USE OF CONTRACTING AGENCY ONLY
6 mo. to Aug. 10, 1961			
Officers' salaries	78,375	Total manufacturing cost	
Office salaries	182,077	incurred six months ended	
Social security taxes	9,107	August 15, 1961	10,357,218
Traveling expenses	18,954	Per cent of general and	
Telephone & Telegraph	7,835	administrative expense to	
Professional services	24,303	mfg. cost incurred	3.44%
Dues and subscriptions	4,412	Total items no. 1 through	
Stationery and postage	7,118	no. 8 of summary	292,461
Taxes	10,432	3% of 292,461-item no. 9	
Miscellaneous	13,675	of summary	8,774
Total	356,288	Operations under contract were begun Jan. 10, 1961	
		included in this proposal was produced within the	
		last 5 months	

SCHEDULE D—PROFIT (Item 11)		
EXPLANATION	AMOUNT	FOR USE OF CONTRACTING AGENCY ONLY
Explanation:		
Total - item 10 of summary	301,235	
5% thereof - item no. 11 of summary	5%	15,062
Profit rate contemplated in bid proposal		

WHERE THE SPACE PROVIDED FOR ANY INFORMATION IS INSUFFICIENT, ATTACH SEPARATE SUPPORTING SCHEDULES

Figure 10-2b. Settlement Proposal (Inventory Basis), DD Form 540 (Page 2)

SCHEDULE E--SETTLEMENT EXPENSES (Item 12)			
ITEM	EXPLANATION	AMOUNT	FOR USE OF CONTRACTING AGENCY ONLY
Crating lumber		432	
Packing materials		57	
Cost of taking inventory		1,742	
Charges for clerical help from termination unit		532	
Total item no. 12 of summary		<u>2,763</u>	
SCHEDULE F--SETTLEMENTS WITH IMMEDIATE SUBCONTRACTORS AND SUPPLIERS (Item 14)			
NAME AND ADDRESS OF SUBCONTRACTOR	BRIEF DESCRIPTION OF PRODUCT CANCELED	AMOUNT OF SETTLEMENT	FOR USE OF CONTRACTING AGENCY ONLY
Electronic Research Co. 1939 Factory St., Buffalo, N.Y.	Dynamotors 6V; ip Type D400 (paid Oct. 1, 1961)	5,222	
National Wire Inc. 1443 W. St., Pittsburgh, Pa.	Wire, bar phosphor bronze #12YB (paid Oct. 1961)	50	
Sump Pump Co., 2000 Hill St., Jackson, Mich.	Circuit breakers 2 Volt Type, 104D (unpaid)	<u>2,025</u>	
Total item no. 14 of summary		<u>7,297</u>	
SCHEDULE G - DISPOSAL AND OTHER CREDITS (Item 17)			
DESCRIPTION		AMOUNT	FOR USE OF CONTRACTING AGENCY ONLY
Total from column 8 - Schedule A		19,370	
" " " " - " B (Raw Materials)		17,350	
" " " " - " B (Purchased Parts)		13,675	
" " " " - " B (Finished Components)		1,027	
" " " " - " C		8,875	
" " " " - " D		1,020	
Sale of facility - See Schedule B, above		<u>250</u>	
Total item No. 17 of summary		<u>61,567</u>	
(If practicable, show separately amount of disposal credits applicable to acceptable finished product included in Item 15)			
NOTE.--Individual items of small amounts may be grouped into a single entry in Schedules B, C, D, E, and G.			
WHERE THE SPACE PROVIDED FOR ANY INFORMATION IS INSUFFICIENT, ATTACH SEPARATE SUPPORTING SCHEDULES			

Figure 10-2c. Settlement Proposal (Inventory Basis), DD Form 540 (Page 3)

SCHEDULE H—ADVANCE, PROGRESS AND PARTIAL PAYMENTS			
DATE	TYPE OF PAYMENT	AMOUNT	FOR USE OF CONTRACTING AGENCY ONLY
	None		

WHERE THE SPACE PROVIDED FOR ANY INFORMATION IS INSUFFICIENT, ATTACH SEPARATE SUPPORTING SCHEDULES

**CERTIFICATE**

THE UNDERSIGNED, individually and as an authorized representative of the contractor, certifies that he has examined this settlement proposal and that, to the best of his knowledge and belief:

(1) AS TO CONTRACTOR'S OWN CHARGES.—The proposed settlement (*exclusive of charges set forth in Item 14*) and supporting schedules and explanations have been prepared from the books of account and records of the contractor in accordance with recognized commercial accounting practices; they include only those charges allocable to the terminated portion of this contract; they have been prepared with knowledge that they will, or may, be used directly or indirectly as the basis of settlement of a claim or claims against the United States or an agency thereof; and the charges as stated are fair and reasonable.

(2) AS TO SUBCONTRACTORS' CHARGES.—(a) The contractor has examined, or caused to be examined, to an extent it considered adequate in the circumstances, the claims of its immediate subcontractors (*exclusive of claims filed against such immediate subcontractors by their subcontractors*); (b) The settlements on account of immediate subcontractors' own charges are fair and reasonable, said charges are allocable to the terminated portion of this contract and said settlements were negotiated in good faith and are not more favorable to its immediate subcontractors than those which the contractor would make if reimbursement by the Government were not involved; (c) the contractor has received from all its immediate subcontractors appropriate certificates with respect to their claims, which certificates are substantially in the form of this certificate; and (d) the contractor has no information leading it to doubt (i) the reasonableness of the settlements with more remote subcontractors or (ii) that the charges for them are allocable to this contract. Upon receipt by the contractor of amounts covering settlements with its immediate subcontractors, the contractor will pay or credit them promptly with the amounts so received, to the extent that it has not previously done so. The term "subcontractor" as used above includes suppliers

NAME OF CONTRACTOR	BY (Signature of authorized official)		
Young Manufacturing Company	H. Gillion		
	TITLE	DATE	
	President	Nov 20, 1961	
NAME OF SUPERVISORY ACCOUNTING OFFICIAL	TITLE		
J. Black	Comptroller		

Figure 10-2d. Settlement Proposal (Inventory Basis), DD Form 540 (Page 4)

6 March 1962

DEPARTMENT OF DEFENSE				SPECIMEN		Form approved, Budget Bureau No. 22-R078.	
SETTLEMENT PROPOSAL (Total Cost Basis)							
FOR USE BY A FIXED-PRICE PRIME CONTRACTOR OR FIXED-PRICE SUBCONTRACTOR							
THIS PROPOSAL APPLIES TO (Check one)				COMPANY			
<input checked="" type="checkbox"/> A PRIME CONTRACT WITH THE GOVERNMENT				<input type="checkbox"/> SUBCONTRACT OR PURCHASE ORDER			
SUBCONTRACT OR PURCHASE ORDER NO(S).				STREET ADDRESS			
CONTRACTOR WHO SENT NOTICE OF TERMINATION				CITY AND STATE			
NAME				Toledo 7, Ohio			
ADDRESS				NAME OF GOVERNMENT AGENCY			
U. S. Navy Dept-Bureau of Ships				GOVERNMENT PRIME CONTRACT NO.			
IF MONIES PAYABLE UNDER THE CONTRACT HAVE BEEN ASSIGNED, GIVE THE FOLLOWING				CONTRACTOR'S REFERENCE NO.			
NAME OF ASSIGNEE				NObs 5901			
None				CT-21			
EFFECTIVE DATE OF TERMINATION				PROPOSAL NO.			
Sept 29, 1961				2			
CHECK ONE				<input type="checkbox"/> INTERIM <input checked="" type="checkbox"/> FINAL			
DD FORM 546 (Schedule of accounting information) <input checked="" type="checkbox"/> IS <input type="checkbox"/> IS NOT ATTACHED. (If not, explain)							
SECTION I—STATUS OF CONTRACT OR ORDER AT EFFECTIVE DATE OF TERMINATION							
PRODUCTS COVERED BY TERMINATED CONTRACT OR PURCHASE ORDER		FINISHED		UNFINISHED OR NOT COMMENCED		TOTAL COVERED BY CONTRACT OR ORDER	
		PREVIOUSLY SHIPPED AND INVOICED	PAYMENT TO BE RECEIVED THROUGH INVOICING	PAYMENT NOT TO BE RECEIVED THROUGH INVOICING	SUBSEQUENTLY COMPLETED AND INVOICED <sup>1</sup>		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	
X 131 Instruments	Quantity 250	200			11,550	12,000	
	\$ 37,500	30,000			1,732,500	1,800,000	
	Quantity						
	\$						
	Quantity						
	\$						
SECTION II—PROPOSED SETTLEMENT							
NO.	ITEM	(Use Columns (b) and (c) Only Where Previous Proposal Has Been Filed)		TOTAL PROPOSED TO DATE	FOR USE OF CONTRACTING AGENCY ONLY		
		TOTAL PREVIOUSLY PROPOSED	INCREASE OR DECREASE BY THIS PROPOSAL				
(a)	(b)	(c)	(d)	(e)			
1	DIRECT MATERIAL		252,864	252,864			
2	DIRECT LABOR		63,225	63,225			
3	INDIRECT FACTORY EXPENSE (from Schedule A)		49,948	49,948			
4	DIES, JIGS, FIXTURES AND SPECIAL TOOLS (DD Form 545)		32,548	32,548			
5	OTHER COSTS (from Schedule B)						
6	GENERAL AND ADMINISTRATIVE EXPENSES (from Schedule C)		15,943	15,943			
7	TOTAL COSTS (Items 1 thru 6)		414,528	414,528			
8	PROFIT (explain in Schedule D)		33,162	33,162			
9	TOTAL (Items 7 and 8)		447,690	447,690			
10	DEDUCT—FINISHED PRODUCT INVOICED OR TO BE INVOICED <sup>1</sup>		67,500	67,500			
11	TOTAL (Item 9 less Item 10)		380,190	380,190			
12	SETTLEMENT EXPENSES (from Schedule E)		2,763	2,763			
13	TOTAL (Items 11 and 12)		382,953	382,953			
14	SETTLEMENTS WITH SUBCONTRACTORS (from Schedule F)	78,576	3,425	82,001			
15	GROSS PROPOSED SETTLEMENT (Items 13 thru 14)	78,576	386,378	464,954			
16	DISPOSAL AND OTHER CREDITS <sup>1</sup>		45,138	45,138			
17	NET PROPOSED SETTLEMENT (Item 15 less 16)		341,240	419,816			
18	ADVANCE, PROGRESS & PARTIAL PAYMENTS (From Schedule H)		78,576	78,576			
19	NET PAYMENT REQUESTED (Item 18 less 19)	76,576	262,664	341,240			

<sup>1</sup> Column (c), Section I, should only be used in the event of a partial termination, in which case the total cost reported in Section II should be accumulated to date of completion of the continued portion of the contract and the deduction for finished product (Item 10, Section II) should be the contract price of finished product in Columns (b), (c) and (e), Section I.

NOTE—Inventory schedules (DD Forms 542, 543, 544, and 545) applicable to inventories allocable to this contract and on hand at date of termination must be filed. See Instructions.

WHERE THE SPACE PROVIDED FOR ANY INFORMATION IS INSUFFICIENT, ATTACH SEPARATE SUPPORTING SCHEDULES

DD FORM 541

1 APR 67

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REPLACES DD FORM 541, 1 MAR 54, WHICH IS OBSOLETE

Figure 10-3a. Settlement Proposal (Total Cost Basis), DD Form 541 (Page 1)

SPECIMEN			
SCHEDULE A—INDIRECT FACTORY EXPENSE (Item 3)			
DETAIL OF EXPENSES	METHOD OF ALLOCATION	AMOUNT	FOR USE OF CONTRACTING AGENCY ONLY
See attached schedule for detailed expenses in plant 2 for period Jan.1, Sept.1, 1961.			
Total indirect expenses			\$166,297
Direct labor, Jan.1, 1961 to Sept. 1, 1961			\$210,503
Percent of indirect factory expense to direct labor			79%
Amount of direct labor applicable to terminated contract (Jan.1, 1956 to Sept. 30, 1961)			63,225
Indirect factory expenses applicable to terminated contract - 79% of \$63,225			49,948
SCHEDULE B—OTHER COSTS (Item 5)			
ITEM	EXPLANATION	AMOUNT	FOR USE OF CONTRACTING AGENCY ONLY
NONE			
SCHEDULE C—GENERAL AND ADMINISTRATIVE EXPENSES (Item 6)			
DETAIL OF EXPENSES	METHOD OF ALLOCATION	AMOUNT	FOR USE OF CONTRACTING AGENCY ONLY
See attached schedule for detailed expenses for period Jan.1, 1961 to Sept 1, 1961. Operations began Oct 1, 1961.			
Total general and administrative expenses			\$248,147
Basis of allocation - total manufacturing costs incurred Jan.1, 1961 - Sept. 1, 1961			\$4,322,700
Percent of general and administrative expenses to total manufacturing costs incurred			5.74%
Total items 1 through 5 of Settlement proposal			398,585
4% of \$398,584			15,943
SCHEDULE D—PROFIT (Item 8)			
EXPLANATION	AMOUNT	FOR USE OF CONTRACTING AGENCY ONLY	
Total contractor's own costs - item 7 of settlement proposal	\$ 414,528		
6 per cent of \$414,528	24,872		
Profit rate contemplated in bid proposal - 9%			
WHERE THE SPACE PROVIDED FOR ANY INFORMATION IS INSUFFICIENT, ATTACH SEPARATE SUPPORTING SCHEDULES			

Figure 10-3b. Settlement Proposal (Total Cost Basis), DD Form 541 (Page 2)

SCHEDULE F--SETTLEMENT EXPENSES (Item 12)			
ITEM	EXPLANATION	AMOUNT	FOR USE OF CONTRACTING AGENCY ONLY
Crating lumber		432	
Packing materials		57	
Cost of Taking inventory		1,742	
Charges for clerical help from termination unit		532	
Total item no. 12 of summary		<u>2,763</u>	
SCHEDULE F--SETTLEMENTS WITH IMMEDIATE SUBCONTRACTORS AND SUPPLIERS (Item 14)			
NAME AND ADDRESS OF SUBCONTRACTOR	BRIEF DESCRIPTION OF PRODUCT CANCELED	AMOUNT OF SETTLEMENT	FOR USE OF CONTRACTING AGENCY ONLY
Act Tool and Die Co 324 East Avenue Toledo, Ohio	24 extension dies for part SNL174 (paid Oct. 1, 1961)	\$3,425	
SCHEDULE G - DISPOSAL AND OTHER CREDITS (Item 16)			
DESCRIPTION		AMOUNT	FOR USE OF CONTRACTING AGENCY ONLY
Total from column g-DD form 542		\$22,350	
Total from column g-DD form 543 (Raw materials)		10,287	
Total from column g-DD form 543 (Purchased parts)		2,150	
Total from column g-DD form 544		<u>10,351</u>	
		\$45,138	
(If practicable, show separately amount of disposal credits applicable to acceptable finished product reported on DD Form 543)			
NOTE.—Individual items of small amounts may be grouped into a single entry in Schedules A, B, C, D, E, and G.			
WHERE THE SPACE PROVIDED FOR ANY INFORMATION IS INSUFFICIENT, ATTACH SEPARATE SUPPORTING SCHEDULES			

Figure 10-3c. Settlement Proposal (Total Cost Basis), DD Form 541 (Page 3)

SCHEDULE H - ADVANCE, PROGRESS AND PARTIAL PAYMENTS			
DATE	TYPE OF PAYMENT	AMOUNT	FOR USE OF CONTRACTING AGENCY ONLY
Nov. 13, 1961	Partial Payment	\$78,576	

WHERE THE SPACE PROVIDED FOR ANY INFORMATION IS INSUFFICIENT, ATTACH SEPARATE SUPPORTING SCHEDULES

**CERTIFICATE**

THE UNDERSIGNED, individually and as an authorized representative of the contractor, certifies that he has examined this settlement proposal and that, to the best of his knowledge and belief:

(1) AS TO CONTRACTOR'S OWN CHARGES.—The proposed settlement (*exclusive of charges set forth in Item 14*) and supporting schedules and explanations have been prepared from the books of account and records of the contractor in accordance with recognized commercial accounting practices; they include only those charges allocable to the terminated portion of this contract; they have been prepared with knowledge that they will, or may, be used directly or indirectly as the basis of settlement of a claim or claims against the United States or an agency thereof; and the charges as stated are fair and reasonable.

(2) AS TO SUBCONTRACTORS' CHARGES.—(a) The contractor has examined, or caused to be examined, to an extent it considered adequate in the circumstances, the claims of its immediate subcontractors (*exclusive of claims filed against such immediate subcontractors by their subcontractors*); (b) The settlements on account of immediate subcontractors' own charges are fair and reasonable, said charges are allocable to the terminated portion of this contract and said settlements were negotiated in good faith and are not more favorable to its immediate subcontractors than those which the contractor would make if reimbursement by the Government were not involved; (c) the contractor has received from all its immediate subcontractors appropriate certificates with respect to their claims, which certificates are substantially in the form of this certificate; and (d) the contractor has no information leading it to doubt (i) the reasonableness of the settlements with more remote subcontractors or (ii) that the charges for them are allocable to this contract. Upon receipt by the contractor of amounts covering settlements with its immediate subcontractors, the contractor will pay or credit them promptly with the amounts so received, to the extent that it has not previously done so. The term "subcontractor" as used above includes suppliers.

NAME OF CONTRACTOR		BY (Signature of authorized official)	
T. L Manufacturing Company		Patrick O'Brian	
		TITLE	DATE
		President	Nov. 15, 1961
NAME OF SUPERVISORY ACCOUNTING OFFICIAL		TITLE	
C. E. Eldridge		Comptroller	

Figure 10-3d. Settlement Proposal (Total Cost Basis), DD Form 541 (Page 4)

DEPARTMENT OF DEFENSE <b>SCHEDULE OF ACCOUNTING INFORMATION</b>				<b>SPECIMEN</b>		Form Approved Budget Bureau No. 22-R078	
To be used by prime contractors submitting termination claims under section VIII of the Armed Services Procurement Regulation. Also suitable for use by subcontractor in effecting subcontract settlements with prime contractor or intermediate subcontractors.							
THIS PROPOSAL APPLIES TO (check one) <input checked="" type="checkbox"/> A PRIME CONTRACT WITH THE GOVERNMENT <input type="checkbox"/> SUBCONTRACT OR PURCHASE ORDER				COMPANY <b>Young Manufacturing Company</b>			
SUBCONTRACT OR PURCHASE ORDER NO.(S)				STREET ADDRESS <b>1234 South East Street</b>			
CONTRACTOR WHO SENT NOTICE OF TERMINATION				CITY AND STATE <b>Dayton 12, Ohio</b>			
NAME				NAME OF GOVERNMENT AGENCY <b>U. S. Navy, Bureau of Ships</b>			
ADDRESS				GOVT. PRIME CONTRACT NO. <b>NObs 56789</b>		CONTRACTOR'S REFERENCE NO. <b>YB-411</b>	
						EFFECTIVE DATE OF TERMINATION <b>Oct 4, 1961</b>	
1. INDIVIDUAL IN YOUR ORGANIZATION FROM WHOM ADDITIONAL INFORMATION MAY BE REQUESTED ON QUESTIONS RELATING TO:							
ACCOUNTING MATTERS				PROPERTY DISPOSAL			
NAME <b>Mr. John Black</b>				NAME <b>Mr. Joseph Campbell</b>			
TITLE <b>Comptroller</b>		TELEPHONE NO. <b>JU 4-0874 Ext 3</b>		TITLE <b>Vice President-Purchasing</b>		TELEPHONE NO. <b>JU 4-0874 Ext 5</b>	
ADDRESS <b>same as above</b>				ADDRESS <b>same as above</b>			
2. ARE THE ACCOUNTS OF THE CONTRACTOR SUBJECT TO REGULAR PERIODIC EXAMINATION BY INDEPENDENT PUBLIC ACCOUNTANTS? <input type="checkbox"/> YES <input type="checkbox"/> NO (Name and address of accountants)  <b>Dawson and Dawson, Dayton, Ohio</b>							
3. INDEPENDENT ACCOUNTANTS, IF ANY, WHO HAVE REVIEWED OR ASSISTED IN THE PREPARATION OF THE ATTACHED PROPOSAL							
NAME				ADDRESS			
<b>None</b>							
4. GOVERNMENTAL AGENCY WHICH HAS REVIEWED YOUR ACCOUNTS IN CONNECTION WITH A PRIOR SETTLEMENT PROPOSAL DURING THE CURRENT AND PRECEDING FISCAL YEAR							
NAME <b>U. S. Navy Branch Audit Office</b>				ADDRESS <b>1210 Massillon Rd Akron 15, Ohio</b>			
5. HAVE THERE BEEN ANY SIGNIFICANT DEVIATIONS FROM YOUR REGULAR ACCOUNTING PROCEDURES AND POLICIES IN ARRIVING AT THE COSTS SET FORTH IN THE ATTACHED PROPOSAL? <input type="checkbox"/> YES <input type="checkbox"/> NO. IF "YES," EXPLAIN BRIEFLY							
6. WERE THE DETAILED COST RECORDS USED IN PREPARING THE PROPOSAL CONTROLLED BY AND IN AGREEMENT WITH YOUR GENERAL BOOKS OF ACCOUNT? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO							
7. WERE INVENTORY QUANTITIES BASED ON A PHYSICAL COUNT AS OF THE DATE OF TERMINATION? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO. IF "NO," EXPLAIN EXCEPTIONS							
WHERE THE SPACE PROVIDED FOR ANY INFORMATION IS INSUFFICIENT, ATTACH SEPARATE SCHEDULES							

DD FORM 546

1 APR 57

1

REPLACES DD FORM 546, 1 MAR 54, WHICH IS OBSOLETE

Figure 10-4a. Schedule of Accounting Information, DD Form 546 (Page 1)



<p>8. IS THIS SETTLEMENT PROPOSAL BASED ON STANDARD COSTS? <input type="checkbox"/> YES <input type="checkbox"/> NO. IF "YES," HAS ADJUSTMENT TO ACTUAL COST OR ADJUSTMENT FOR ANY SIGNIFICANT VARIATIONS BEEN MADE? <input type="checkbox"/> YES <input type="checkbox"/> NO. IF "NO," EXPLAIN</p> <p style="text-align: center;"><b>SPECIMEN</b></p>
<p>9. DOES THIS PROPOSAL INCLUDE CHARGES FOR MAJOR INVENTORY ITEMS AND CLAIMS OF SUBCONTRACTORS COMMON TO THIS TERMINATED CONTRACT AND OTHER WORK OF THE CONTRACTOR? <input type="checkbox"/> YES <input type="checkbox"/> NO. IF "YES," EXPLAIN THE METHOD USED IN ALLOCATING AMOUNTS TO THE TERMINATED PORTION OF THIS CONTRACT</p>
<p>10. EXPLAIN BRIEFLY YOUR METHOD OF PRICING INVENTORIES, INDICATING WHETHER MATERIAL HANDLING COST HAS BEEN INCLUDED IN CHARGES FOR MATERIALS</p> <p style="text-align: center;">Cost less cash discount, first-in-first out, no handling charges</p>
<p>11. ARE ANY PARTS, MATERIALS, OR FINISHED PRODUCT, KNOWN TO BE DEFECTIVE, INCLUDED IN THE INVENTORIES? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO. IF "YES," EXPLAIN</p>
<p>12. HAVE ANY CHARGES BEEN INCLUDED IN THIS PROPOSAL IN RESPECT OF SEVERANCE, DISMISSAL, OR SEPARATION PAY? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO. IF "YES," FURNISH BRIEF EXPLANATION AND ESTIMATES OF AMOUNTS INCLUDED</p>
<p>13. DOES THIS PROPOSAL INCLUDE ANY ELEMENT OF PROFIT TO THE CONTRACTOR OR A RELATED ORGANIZATION, OTHER THAN PROFIT SET FORTH SEPARATELY IN THE PROPOSAL OR INCLUDED IN THE CONTRACT PRICE AT WHICH ACCEPTABLE FINISHED PRODUCT, IF ANY, IS INCLUDED IN THE PROPOSAL? <input type="checkbox"/> YES <input type="checkbox"/> NO. IF "YES," EXPLAIN BRIEFLY</p> <p style="text-align: center;">In finished components \$8,024; indirect factory expenses applicable to finished components (99.55% of \$8,024) - \$7,988.</p>
<p>14. DESCRIBE BRIEFLY THE NATURE OF INDIRECT EXPENSE ITEMS INCLUDED IN INVENTORY COSTS (see Schedule A, DD Form 540); AND EXPLAIN YOUR METHOD OF ALLOCATION USED IN PREPARING THIS PROPOSAL, INCLUDING IF PRACTICABLE, THE RATES USED AND THE PERIOD OF TIME UPON WHICH THEY ARE BASED</p> <p>* Indirect factory expenses applicable to department C for 6 months ending September 15, 1961, total \$2,298,269; direct labor for 6 months ending September 15 1961 \$2,308,658; percent of indirect factory expense to direct labor-99.55%; direct labor included in work in process-\$67,805; in-direct factory expense (99.55% of \$67,805)</p>
<p>15. DO THE COSTS SET FORTH IN THE ATTACHED PROPOSAL INCLUDE PROVISIONS FOR ANY RESERVES OTHER THAN DEPRECIATION RESERVES? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO. IF "YES," LIST SUCH RESERVES</p> <p>* (continued from above(14) section) -\$7,500; direct labor included</p>
<p>16. STATE METHOD OF ACCOUNTING FOR TRADE AND CASH DISCOUNTS EARNED, REBATES, ALLOWANCES, AND VOLUME PRICE ADJUSTMENTS. ARE SUCH ITEMS EXCLUDED FROM COSTS CLAIMED? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO</p> <p style="text-align: center;">Cost less cash discount, no handling charges.</p> <p style="text-align: center;"><b>SPECIMEN</b></p>
<p>WHERE THE SPACE PROVIDED FOR ANY INFORMATION IS INSUFFICIENT, ATTACH SEPARATE SCHEDULES</p>

Figure 10-4b. Schedule of Accounting Information, DD Form 546 (Page 2)

17. STATE POLICIES RELATING TO RECORDING OF OVERTIME, SHIFT PREMIUMS AND PRODUCTION BONUSES	<b>SPECIMEN</b>
18. DOES CONTRACTOR HAVE A PENSION PLAN? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO. IF "YES," STATE METHOD OF FUNDING AND ABSORPTION OF PAST AND CURRENT PENSION SERVICE COSTS	
19. STATE GENERAL POLICIES RELATING TO DEPRECIATION AND AMORTIZATION OF FIXED ASSETS; BASES, UNDERLYING POLICIES  As a general policy, permanent assets are recorded in asset accounts at installed cost and depreciation as provided on a straight line basis. In determining the depreciation rates, the estimated useful life is the primary factor with reasonable allowance being made for obsolescence.	
20. STATE POLICY OR PROCEDURE FOR RECORDING AND WRITING OFF STARTING LOAD  Costs incurred incidental to starting load are charged direct to contract and written off during the performance of the contract.	
21. ARE PERISHABLE TOOLS AND MANUFACTURING SUPPLIES CHARGED DIRECTLY TO CONTRACT COSTS OR INCLUDED IN OVERHEAD EXPENSES?  Included in normal overhead.	
22. POLICIES FOR DISTINGUISHING BETWEEN CHARGES TO CAPITAL (fixed) ASSET ACCOUNTS AND TO REPAIR AND MAINTENANCE ACCOUNTS  The installation of new facilities and of additions and improvements to existing facilities are charged to capital asset accounts; the cost of maintaining existing facilities including replacing of minor parts is charged to repair and maintenance accounts.	
WHERE THE SPACE PROVIDED FOR ANY INFORMATION IS INSUFFICIENT, ATTACH SEPARATE SCHEDULES	

Figure 10-4c. Schedule of Accounting Information, DD Form 546 (Page 3)

23. METHOD OF RECORDING AND ABSORBING (1) GENERAL ENGINEERING AND GENERAL DEVELOPMENT EXPENSE AND (2) ENGINEERING AND DEVELOPMENT EXPENSE DIRECTLY APPLICABLE TO THE TERMINATED CONTRACT	
All research and development charges are recorded by a system of assignment number according to the type of product concerned. The expense is picked up as part of overhead. On specialized products the design and product development are recorded by contract and applied specifically.	
24. TYPES AND SOURCE OF MISCELLANEOUS INCOME AND CREDITS AND MANNER OF RECORDING IN THE INCOME OR THE COST ACCOUNTS SUCH AS RENTAL OF YOUR FACILITIES TO OUTSIDE PARTIES, ETC.	
All miscellaneous income and credits such as rentals are credited to P & L and cost accounts are not involved.	
25. ARE COSTS AND INCOME FROM CHANGE ORDERS SEGREGATED FROM OTHER CONTRACT COSTS AND INCOME ? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO IF "YES" BY WHAT METHOD?	
26. ARE SETTLEMENT EXPENSES APPLICABLE TO PREVIOUSLY TERMINATED CONTRACTS EXCLUDED FROM THE ATTACHED PROPOSALS? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO. IF "NO" EXPLAIN	
27. STATE POLICY AND PROCEDURE FOR VERIFICATION AND NEGOTIATION OF SETTLEMENTS WITH SUBCONTRACTORS AND VENDORS	
All vendors and sub-contractors' claims are reviewed by Public Accountants to determine whether such charges are fair and reasonable. Final settlement with vendors and subcontractors is made after approval by our customer.	
28. METHOD OF COMPUTING PROFIT CLAIMED IN THE ATTACHED PROPOSAL AND REASON FOR SELECTING THE METHOD USED. FURNISH ESTIMATE OF AMOUNT OR RATE OF PROFIT IN DOLLARS OR PERCENT ANTICIPATED HAD THE CONTRACT BEEN COMPLETED	
The percent rate of profit used is 5% of cost. This percentage represents the rate contemplated in the bid proposal.	
29. WHAT IS LENGTH OF TIME (production cycle) REQUIRED TO PRODUCE ONE OF THE END ITEMS FROM THE TIME THE MATERIAL ENTERS THE PRODUCTION LINE TO THE COMPLETION AS THE FINISHED PRODUCT?	
Approximately ninety-six (96) hours.	
30. METHOD OF ALLOCATING GENERAL AND ADMINISTRATIVE EXPENSE	
See attached schedule.	
CERTIFICATE	
I HEREBY CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF, THE ABOVE STATEMENTS ARE TRUE AND CORRECT.	
NAME OF CONTRACTOR	BY (Signature of supervisory accounting Official)
Young Manufacturing Company	J. Black
TITLE	DATE
Comptroller	Nov 29, 1961
WHERE THE SPACE PROVIDED FOR ANY INFORMATION IS INSUFFICIENT, ATTACH SEPARATE SCHEDULES	

Figure 10-4d. Schedule of Accounting Information, DD Form 546 (Page 4)

DEPARTMENT OF DEFENSE <b>SETTLEMENT PROPOSAL FOR COST-REIMBURSEMENT TYPE CONTRACTS</b>		Form Approved, Budget Bureau No. 22-R070.	
To be used by prime contractors submitting termination claims on cost-reimbursement type contracts under Section VIII of the Armed Services Procurement Regulation. Also suitable for use in connection with terminated cost-reimbursement type subcontracts.			
COMPANY <b>Reactor Corporation</b>		PROPOSAL NUMBER <b>1</b>	CHECK ONE <input type="checkbox"/> PARTIAL <input checked="" type="checkbox"/> FINAL
STREET ADDRESS <b>1410 Farmhill Road</b>		GOVERNMENT PRIME CONTRACT NO. <b>NObs 83000</b>	REFERENCE NO. <b>T-874</b>
CITY AND STATE <b>Winston Salem, North Carolina</b>		EFFECTIVE DATE OF TERMINATION <b>Sept 30, 1961</b>	
ITEM (a)	TOTAL PREVIOUSLY SUBMITTED (b)	INCREASE OR DECREASE BY THIS PROPOSAL (c)	TOTAL SUBMITTED TO DATE (d)
1. DIRECT MATERIAL	\$	\$	\$ 1,288
2. DIRECT LABOR			9,824
3. INDIRECT FACTORY EXPENSE			8,538
4. DIES, JIGS, FIXTURES AND SPECIAL TOOLS			
5. OTHER COSTS			
6. GENERAL AND ADMINISTRATIVE EXPENSE			5,140
7. TOTAL COSTS (Items 1 thru 6)	\$	\$	\$ 24,790
8. FEE (Explanation Attached)			1,411
9. SETTLEMENT EXPENSES			
10. SETTLEMENTS WITH SUBCONTRACTORS			
11. GROSS PROPOSED SETTLEMENT (Items 7 thru 10)			26,201
12. DISPOSAL AND OTHER CREDITS			
13. NET PROPOSED SETTLEMENT (Items 11 less 12)	\$	\$	\$ 26,201
14. PREVIOUS PAYMENTS TO CONTRACTOR	\$	\$	\$
15. NET PAYMENT REQUESTED (Items 13 less 14)	\$	\$	\$ 26,201
<p><b>CERTIFICATE</b></p> <p>The undersigned, individually and as an authorized representative of the Contractor, certifies that he has examined this settlement proposal and that, to the best of his knowledge and belief:</p> <p>(1) <i>AS TO CONTRACTOR'S OWN CHARGES</i>—The proposed settlement (exclusive of charges set forth in Item 10) and supporting schedules and explanations have been prepared from the books of account and records of the Contractor in accordance with the terms of the contract, they include only those charges allocable to the terminated contract; they have been prepared with knowledge that they will, or may, be used directly or indirectly as the basis of settlement of a claim or claims against the United States or an agency thereof; and the charges as stated are fair and reasonable.</p> <p>(2) <i>AS TO SUBCONTRACTORS' CHARGES</i>—(a) The Contractor has examined, or caused to be examined, to an extent it considered necessary in the circumstances, the claims of its immediate subcontractors (exclusive of claims filed against such immediate subcontractors by their subcontractors); (b) the settlements on account of immediate subcontractors' own charges are fair and reasonable, said charges are allocable to the terminated portion of this contract and said settlements were negotiated in good faith and are not more favorable to its immediate subcontractors than those which the Contractor would make if reimbursement by the Government were not involved; (c) the Contractor has received from all its immediate subcontractors appropriate certificates with respect to their claims, which certificates are substantially in the form of this certificate; and (d) the Contractor has no information leading it to doubt (i) the reasonableness of the settlements with more remote subcontractors or (ii) that charges for them are allocable to this contract. Upon receipt by the Contractor of amounts covering settlements with its immediate subcontractors, the Contractor will pay or credit them promptly with the amounts so received, to the extent that it has not previously done so. The term subcontractor as used above includes suppliers.</p>			
NAME OF CONTRACTOR <b>Reactor Corporation</b>		BY (Signature of authorized official) <b>John Aldrich</b>	
		TITLE <b>Vice President in Charge of Mfg</b>	DATE <b>11/21/61</b>
NAME OF SUPERVISORY ACCOUNTING OFFICIAL <b>Mr. K. Gillian</b>		TITLE <b>Manager Factory Accounting</b>	

DD FORM 547  
1 APR 57

REPLACES DD FORM 547, 1 MAR 54, WHICH IS OBSOLETE

U. S. GOVERNMENT PRINTING OFFICE: 1957 O-7-436659

Figure 10-5. Settlement Proposal For Cost-Reimbursement Type Contracts,  
DD Form 547

210607

ONMINST 5000.3, Vol. 2  
6 March 1962

DEPARTMENT OF DEFENSE <b>APPLICATION FOR PARTIAL PAYMENT SPECIMEN</b>						Form Approved. Budget Bureau No. 22-8072.	
For use by Prime Contractor or Subcontractor under contracts terminated for the convenience of the Government							
THIS APPLICATION APPLIES TO (Check one) <input checked="" type="checkbox"/> <b>A PRIME CONTRACT WITH THE GOVERNMENT</b> <input type="checkbox"/> <b>SUBCONTRACT OR PURCHASE ORDER</b>				APPLICANT			
SUBCONTRACT OR PURCHASE ORDER NUMBER(S)				Electronics, Incorporated			
CONTRACTOR WHO SENT NOTICE OF TERMINATION				STREET ADDRESS			
NAME				514 Dilston Road			
ADDRESS				CITY AND STATE			
IF CONTRACTOR HAS GUARANTEED LOANS OR HAS ASSIGNED MONEYS DUE UNDER THE CONTRACT, GIVE THE FOLLOWING:				NAME OF GOVERNMENT AGENCY			
NAME AND ADDRESS OF FINANCING INSTITUTION				Bureau of Ships, U. S. Navy			
NAME AND ADDRESS OF GUARANTOR				GOVERNMENT PRIME CONTRACT NUMBER			
				NObs 59246			
NAME AND ADDRESS OF ASSIGNEE				CONTRACTOR'S REFERENCE NUMBER			
				S. O. 1220			
				EFFECTIVE DATE OF TERMINATION		DATE OF THIS APPLICATION	
				Dec 29, 1960		May 15, 1961	
				AMOUNT REQUESTED		APPLICATION NUMBER UNDER THIS TERMINATION	
				\$33,000		One	
SECTION I.—STATUS OF CONTRACT OR ORDER AT EFFECTIVE DATE OF TERMINATION							
PRODUCTS COVERED BY TERMINATED CONTRACT OR PURCHASE ORDER		FINISHED			UNFINISHED OR NOT COMMENCED		TOTAL COVERED BY CONTRACT OR ORDER
		PREVIOUSLY SHIPPED AND INVOICED	ON HAND		To Be Completed	Not To Be Completed	
		b	c	d	e	f	g
Radar Set X-1	QUANTITY	729	0	0	0	255	984
	\$	189,540	0	0	0	66,300	255,840
Radar Set X-2	QUANTITY	802	0	0	0	273	1,075
	\$	47,318	0	0	0	16,107	63,425
	QUANTITY						
	\$						
SECTION II.—APPLICANT'S OWN TERMINATION CHARGES (Exclusive of his Subcontractors' Charges)						SETTLEMENT PROPOSAL	
						<input type="checkbox"/> ATTACHED <input checked="" type="checkbox"/> PREVIOUSLY SUBMITTED	
NO.	ITEM					CHARGES AS LISTED IN SETTLEMENT PROPOSAL	
1	ACCEPTABLE FURNISHED PRODUCT (at contract price)					\$	0
2	WORK IN PROCESS						1,206
3	RAW MATERIALS, PURCHASED PARTS, AND SUPPLIES						33,236
4	GENERAL AND ADMINISTRATIVE EXPENSE						3,764
5	TOTAL (sum of lines 1, 2, 3, and 4)					\$	38,206
6	TOOLS, DIES, JIGS, FIXTURES, ETC.						0
7	OTHER COSTS						190
8	SETTLEMENT EXPENSES						815
9	TOTAL (sum of lines 5, 6, 7, and 8)					\$	39,211
10	SUBCONTRACTOR SETTLEMENTS APPROVED BY CONTRACTING OFFICER OR SETTLED UNDER A DELEGATION OF AUTHORITY AND PAID BY APPLICANT					\$	0
AMOUNTS RECEIVED							
a	UNLIQUIDATED PARTIAL, PROGRESS, AND ADVANCE PAYMENTS RECEIVED					\$	0
b	DISPOSAL AND OTHER CREDITS						0
c	TOTAL (sum of lines a and b)						0
d	AMOUNT OF PARTIAL PAYMENT REQUESTED						33,000
e	TOTAL (sum of lines c and d)					\$	33,000

DD FORM 548 REPLACES DD FORM 548, 1 APR 57, WHICH IS OBSOLETE

Figure 10-6a. Application for Partial Payment, DD Form 548 (Page 1)

SECTION III - AGREEMENT OF APPLICANT						
<p style="text-align: right;"><b>SPECIMEN</b></p> <p>IN CONSIDERATION OF ANY PARTIAL PAYMENT WHICH MAY BE MADE, THE APPLICANT AGREES AS FOLLOWS:</p> <p>(1) REPAYMENT OF EXCESS -- If any partial payment made to the contractor is in excess of the amount finally determined to be due on its termination claim, the excess shall be repaid to the Government upon demand, with interest at the rate of 6 percent per annum. Interest shall be computed for the period from the date of the excess payment to the date of repayment, except that (i) no interest shall be charged for any such excess payment attributable to a reduction in the contract termination claim by reason of retention or other disposition of termination inventory, until 10 days after the date of such retention or disposition, or such later date as determined by the contracting officer by reason of the circumstances, and (ii) no interest shall be charged for overpayment under cost-reimbursement type research and development contracts (without profit or fee to the contractor) if the overpayments are repaid to the Government within 30 days after demand.</p> <p>(2) PROMPT SETTLEMENT OF CLAIM -- The applicant will make every reasonable effort to expedite final settlement of the termination claim and the claims of its subcontractors, if any.</p> <p>(3) DISPOSAL AND RETENTION OF INVENTORY -- Whenever the amount of any proceeds hereafter received by the applicant on the disposal of termination inventory, plus the cost of agreed value, as the case may be, of any termination inventory which the applicant hereafter elects to retain, exceeds the amount stated by the applicant in this application as the amount of his charges (Section II, Line 9) and the amount of such credits has not been included on Section II, Line b (Disposal and Other Credits), The applicant within 10 days will notify the contracting agency of the amount of credits on account of such inventory disposal or retention.</p>						
<p style="text-align: center;"><b>SPECIMEN</b></p> <p style="text-align: center;">SECTION IV - CERTIFICATE OF APPLICANT</p> <p>The undersigned certifies that the amount of his own charges (exclusive of subcontractors' charges) due as of the date of this application and allocable to the terminated portion of its contract Number <u>NObs 59246</u>, dated <u>16 Sept 1958</u>, with <u>Dept of Navy BUSHIPS</u>, is not less than \$ <u>39,211</u>; that, to the best of applicant's knowledge, the amounts received are as set forth above; and that the applicant has not assigned any moneys payable under this contract, except as set forth above.</p> <p>(From Sec. II, Line 9)</p> <table border="1"><tr><td rowspan="2">NAME OF Applicant  Electronics, Incorporated</td><td colspan="2">BY (Signature of authorized official)  Henry Myers</td></tr><tr><td>TITLE  Divisional Comptroller</td><td>DATE  5/15/61</td></tr></table> <p>WHERE THE SPACE PROVIDED FOR ANY INFORMATION IS INSUFFICIENT, ATTACH SEPARATE SUPPORTING SCHEDULES.</p>		NAME OF Applicant  Electronics, Incorporated	BY (Signature of authorized official)  Henry Myers		TITLE  Divisional Comptroller	DATE  5/15/61
NAME OF Applicant  Electronics, Incorporated	BY (Signature of authorized official)  Henry Myers					
	TITLE  Divisional Comptroller	DATE  5/15/61				

SECTION V - RECOMMENDATION OF FIRST REVIEWING CONTRACTOR			
<p>The undersigned states that it has examined this application and has considered the applicant's general reputation. It has no reason to doubt the accuracy of the information contained in this application or that the amount certified by the applicant as due will constitute a proper charge to be included in the undersigned's termination claim against _____. It recommends that the requested partial payment be made.</p> <p>The undersigned agrees that it will promptly pay over to the applicant or credit against amounts owing from the applicant any amount received for the benefit of the applicant under this application, and that it will repay to the Government on demand any amount not so paid or credited.</p>			
NAME OF CONTRACTOR		BY (Signature of authorized official)	
		TITLE	DATE
SECTION VI - RECOMMENDATIONS OF OTHER REVIEWING CONTRACTORS			
<p>Each of the undersigned states that it has no reason to doubt that the amount of the partial payment requested, and recommended above is due the applicant and will constitute a proper charge in the termination claim of the undersigned.</p> <p>Each of the undersigned agrees that it will promptly pay over to its immediate subcontractor or credit against amounts owing from such subcontractor any amount received for the benefit of the applicant under this application, and that it will repay to the Government on demand any amount not so paid or credited.</p>			
	CONTRACTOR	DATE	SIGNATURE OF OFFICER, PARTNER, OR OWNER
1			
2			
3			
4			
5			
6			
WHERE THE SPACE PROVIDED FOR ANY INFORMATION IS INSUFFICIENT, ATTACH SEPARATE SUPPORTING SCHEDULES.			

## PRICING REVIEW RECORD (UNFABRICATED INVENTORY)

[illegible]

**Figure 10-7. Suggested Format for Recording Results of Pricing Reviews**



DEPARTMENT OF DEFENSE <b>SETTLEMENT PROPOSAL</b> (SHORT FORM)						Form Approved Budget Bureau No. 22-R158		
FOR USE BY A PRIME CONTRACTOR OR SUBCONTRACTOR IN SETTLEMENT OF A FIXED PRICE TERMINATED CONTRACT WHEN TOTAL CHARGES CLAIMED ARE LESS THAN \$2500.								
THIS PROPOSAL APPLIES TO (Check one) <input type="checkbox"/> A PRIME CONTRACT WITH THE GOVERNMENT <input checked="" type="checkbox"/> SUBCONTRACT OR PURCHASE ORDER				COMPANY <b>Small Manufacturing Company</b>				
SUBCONTRACT OR PURCHASE ORDER NO. (S) <b>RM 20022B</b>				STREET ADDRESS <b>717 West Avenue</b>				
CONTRACTOR WHO SENT NOTICE OF TERMINATION <b>Reliable Manufacturing Co.</b>				CITY AND STATE <b>Dearborn 11, Michigan</b>				
NAME <b>777 Fisher Road, Chicago, Ill.</b>				NAME OF GOVERNMENT AGENCY <b>U.S. Navy Bureau of Ships</b>		GOVERNMENT PRIME CONTRACT NO. <b>NObs 24680</b>		
IF MONIES PAYABLE UNDER THE CONTRACT HAVE BEEN ASSIGNED, GIVE THE FOLLOWING NAME OF ASSIGNEE				CONTRACTORS REFERENCE NO. <b>0-28</b>		EFFECTIVE DATE OF TERMINATION <b>Oct 4, 1961</b>		
ADDRESS								
SECTION I STATUS OF CONTRACT OR ORDER AT EFFECTIVE DATE OF TERMINATION								
PRODUCTS COVERED BY TERMINATED CONTRACT OR PURCHASE ORDER (a)		PREVIOUSLY SHIPPED AND INVOICED (b)	FINISHED		UNFINISHED OR NOT COMMENCED		TOTAL COVERED BY CONTRACT OR ORDER (g)	
			PAYMENT TO BE RECEIVED THROUGH INVOICING (c)	INCLUDED IN THIS PROPOSAL (d)	TO BE COMPLETED (Partial termination only) (e)	NOT TO BE COMPLETED (f)		
X 210 gears H2		QUANTITY	3,000		100		1,900	5,000
		\$	6,000		200		3,800	10,000
QUANTITY								
\$								
QUANTITY								
\$								
SECTION II - PROPOSED SETTLEMENT								
NO.	ITEM (Include only items allocable to the terminated portion of contract)						AMOUNT OF CHARGE	
1	CHARGE FOR ACCEPTABLE FINISHED PRODUCT NOT COVERED BY INVOICING (From DD Form 832)						\$ 200	
2	CHARGE FOR WORK IN PROCESS, RAW MATERIAL, ETC., ON HAND (From DD Form 832)						\$ 637	
3	OTHER CHARGES INCLUDING PROFIT AND SETTLEMENT EXPENSES						\$	
4	CHARGES FOR SETTLEMENTS WITH SUBCONTRACTORS						\$ 142	
5	GROSS PROPOSED SETTLEMENT (Items 1 thru 4)						\$ 979	
6	DISPOSAL AND OTHER CREDITS (From DD Form 832, Col. 4)						\$ 203	
7	NET PROPOSED SETTLEMENT (Item 5 less 6)						\$ 776	
8	ADVANCE, PROGRESS AND PARTIAL PAYMENTS						\$ 0	
9	NET PAYMENT REQUESTED (Item 7 less 8)						\$ 776	
List your inventory on DD Form 832 and attach a copy hereto. Retain for the applicable period specified in the prime contract all papers and records relating to this proposal for future examination by your customer or by the contracting officer.								
GIVE A BRIEF EXPLANATION OF HOW YOU ARRIVED AT THE AMOUNTS SHOWN IN ITEMS 3, 4, 6 AND 7								
#4 Settlement with Subcontractor, S.K.B.Co., Peckville, Ohio \$142 - (see attached proposal of subcontractor) #6 Inventory which can be retained: (\$200 (a) Gear castings - cost \$497, adaptable to purchase order with Huff Mfg Co (\$ 3 with 5 extra machinery operations at an estimated add'l cost of \$295. \$203 (b) Balance of material at current scrap price..... \$ 3								
THE UNDERSIGNED CERTIFIES THAT THE ABOVE PROPOSED SETTLEMENT INCLUDES ONLY CHARGES ALLOCABLE TO THE TERMINATED PORTION OF THE CONTRACT OR PURCHASE ORDER, THAT THE TOTAL CHARGES (Item 5) AND THE DISPOSAL CREDITS (Item 6) ARE FAIR AND REASONABLE, AND THAT THIS PROPOSAL HAS BEEN PREPARED WITH KNOWLEDGE THAT IT WILL, OR MAY BE USED DIRECTLY OR INDIRECTLY AS A BASIS FOR SETTLEMENT OF A CLAIM OR CLAIMS AGAINST THE UNITED STATES OR AN AGENCY THEREOF.						NAME OF YOUR COMPANY <b>Small Manufacturing Company</b>		
						BY (Signature of authorized official) <b>Dan Mark</b>		
						TITLE <b>President</b>	DATE <b>Oct 23, 1961</b>	
WHERE THE SPACE PROVIDED FOR ANY INFORMATION IS INSUFFICIENT, ATTACH SEPARATE SUPPORTING SCHEDULES								

DD FORM 831 Edition of 1 APR 57 may be used.

(Form continued on next page)

### INSTRUCTIONS

1. This settlement proposal should be submitted to the contracting officer, if you are a prime contractor, or to your customer, if you are a subcontractor. The term contract as used hereafter includes a sub-contract or a purchase order.

2. Claims which would normally be included in a single settlement proposal, such as those based on a series of separate orders for the same item under one contract should be consolidated wherever possible, and must not be divided in such a way as to bring them below \$2,500.

3. You should review any provisions of your contract relating to termination and consult your customer or contracting officer for further information. Government regulations pertaining to the basis for determining a fair and reasonable termination settlement are contained in Section VIII, Armed Services Procurement Regulation. Your claim for fair compensation should be prepared on the basis of the costs shown by your accounting records. Where your costs are not so shown, you may use any reasonable basis for estimating your costs which will provide for fair compensation for the preparations made and work done for the terminated portion of the contract, including a reasonable profit on such preparation and work.

4. Generally your settlement proposal may include under items 2, 3, and 4, the following:

a. COSTS - Costs incurred which are reasonably necessary and are properly

allocable to the terminated portion of your contract under recognized commercial accounting practices, including direct and indirect manufacturing, selling and distribution, administrative, and other costs and expenses incurred.

b. SETTLEMENT WITH SUBCONTRACTORS - Reasonable settlements of claims of subcontractors allocable to the terminated portion of the sub-contract. Copies of such settlements will be attached hereto.

c. SETTLEMENT EXPENSES - Reasonable costs of protecting and preserving termination inventory in your possession and preparing of your claim.

d. PROFIT - A reasonable profit with respect to the preparations you have made and work you have actually done for the terminated portion of your contract. No profit should be included with respect to work which has not been done, nor shall profit be included with respect to settlement expenses, or with respect to settlement with subcontractors.

5. If you use this form, your total charges being claimed (line 5), must be less than \$2,500.00. The government has the right to examine your books and records relative to this proposal, and if you are a subcontractor your customer must be satisfied with your proposal.

Figure 10-7. Settlement Proposal (Short Form), DD Form 831 (back)

CHAPTER 11  
REPORTING, REDISTRIBUTION, AND DISPOSAL  
OF EXCESS CONTRACTOR INVENTORY

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## CHAPTER 11

### REPORTING, REDISTRIBUTION, AND DISPOSAL OF EXCESS CONTRACTOR INVENTORY

#### PART A. GENERAL INTRODUCTION AND BASIC POLICIES

##### 211000. Introduction and Background

The Government has a continuing obligation to effect the prompt and orderly removal of contractor inventory from private plants. The timely clearance of such property from the contractor's plant is important in facilitating settlement of terminated contracts; in assuring the early payment of final vouchers and invoices under Government contracts; and in providing space which is frequently essential to continuing production.

Of equal importance are the tangible benefits accruing to the Government as a result of the redistribution of such property to Department of Defense activities; from proceeds derived through contractor or Government-conducted sales; and by reason of the intangible benefits created by donation of contractor inventory to designated health, educational, and welfare activities, as well as to civil defense organizations, service educational institutions, and others.

Finally, the Government is obligated to achieve these operations efficiently, economically, and pursuant to established statutes and regulations. Thus, this chapter deals with the requirements and procedures prescribed for the effective and orderly plant clearance of excess contractor inventory.

##### 211001. Definitions

Definitions of terms set forth in the Glossary of Terms for this Manual and in Sections VIII and XIII of the Armed Services Procurement Regulation (ASPR) shall also apply to terms used herein. In addition, the following terms as defined below are applicable:

1. Automatic Release Date. The date of expiration of the time limit established for screening contractor inventory.

2. Bureau Excess Property. Contractor inventory which has been determined to be excess to the needs and mobilization requirements of the Bureau having cognizance thereof.

3. Line Item. All substantially similar articles under any one contract at any one location and which should be listed as a single entry in an inventory schedule.

4. Non-Reportable Property. Excess contractor inventory which is not required to be reported to the Defense Logistics Services Center (DLSC) for screening prior to disposal as surplus.

5. Non-Termination Inventory. Any items of contractor inventory (other than termination inventory) purchased, supplied, manufactured, furnished, or otherwise acquired by a contractor. This term may include property no longer needed for the performance of a contract, change order material, overrun material, and property residual to a completed contract.

6. Personal Property. Property of any kind or of any interest therein, except real property and vessels of the following categories: battleships, cruisers, aircraft carriers, destroyers, and submarines.

7. Production Scrap. Material generated as scrap in the usual production processes having only a remelting or reprocessing value, such as metal clippings, chippings, borings and turnings, textile or hide trimmings or scrap, and similar kinds or property including faulty castings and forgings.

8. Redistribution. Any transfer of contractor inventory to any naval activity, military department, or other Federal department or agency resulting from the property being offered as excess.

9. Reportable Property. Excess contractor inventory which, if not required by the owning Service, must be made available to the DLSC for screening prior to disposal as surplus.

10. Reporting Activity. The activity which initiates a Report of Excess Personal Property, Standard Form 120, a Request for Disposal Action, NAVEXOS 4253, or transmits DD Form 1342s, DOD Property Record Supplementary Data, to the DLSC.

11. **Surplus Property.** Excess contractor inventory not required within the Department of Defense or by Federal Civilian agencies.

#### 211002. Publications and Regulations

In addition to the provisions contained in this chapter, offices of the Material Inspection Service, USN, will be guided in their duties relative to reporting, redistribution, and disposal of excess contractor inventory by the applicable provisions of:

1. Armed Services Procurement Regulation, Section VIII.
2. Navy Procurement Directives.
3. Navy Property Redistribution and Disposal Regulation No. 1 (NAVEXOS P-149).
4. Bureau of Supplies and Accounts Manual, Volume II.
5. Special instructions issued by the Chiefs of the several bureaus and offices of the Department of the Navy, and special contract provisions which must be superimposed on standard procedures outlined in this chapter.

#### 211003. Applicability

a. The procedures set forth in this chapter apply to the reporting and redistribution of all excess contractor inventory (except real property) including:

1. Excess Government-furnished property.
2. Termination Inventory (allocable to terminations for the convenience of the Government.)
3. Residual inventory allocable to active or completed cost-reimbursement type contracts.
4. Termination inventory allocable to fixed price contracts terminated for default, which the Government wishes to acquire under the option contained in the contract.
5. Obsolete or excess inventory resulting from change orders issued by the contracting officers.

6. Any other personal property at a private plant, for which the contractor has been or is to be reimbursed and where such property is to be disposed of for the benefit of the Government (includes overruns, inventory residual under price redeterminations, etc.).

b. The procedures contained in this chapter relative to all contractor inventory arising out of Navy Department contracts shall be followed whether or not such contracts are being administered by Inspectors of the Material Inspection Service, USN.

c. Occasionally, excess Government property at private plants or at privately operated plants will not meet the criteria established in the definition for contractor inventory. Thus, for example, industrial facilities placed or continued in a contractor's possession merely for commercial use, maintenance, custody, or storage pending their eventual disposition may not be contractor inventory, since the use of these facilities by the contractor for Navy procurement is no longer a recognized purpose of the contract. Thus property under a lease agreement would not normally constitute contractor inventory. Property which is not contractor inventory shall be reported and processed for utilization screening pursuant to contract provisions and the requirements of Navy Property Redistribution and Disposal Regulation No. 1. When such property is determined to be surplus to the requirements of the Federal Government, disposition shall be accomplished in accordance with Chapter 12 of this Volume.

d. This chapter has no application to the redistribution and disposal of real property and related personal property. Instructions covering the redistribution and disposal of real property are contained in Chapter 4 of the Industrial Facilities Policy Handbook (ONMINST P-4860.7).

#### 211004. Authority of the Chief of Naval Material

The Chief of Naval Material is authorized to establish policy and procedures for the reporting, redistribution, and disposal of contractor inventory located in contractor's plants which falls under the

inspection cognizance of the Material Inspection Service, USN. The categories of contractor inventory covered under such authorization are set forth in paragraph 211003.a., above.

#### 211005. Authority of Inspectors

Inspectors of the Material Inspection Service, USN, are hereby authorized to act as representatives of the contracting officers of the Department of the Navy for purposes of reporting, redistribution, and disposal of excess contractor inventory to the extent provided in this chapter. Inspectors are to comply with the provisions of this chapter unless a contracting officer in a specific case directs to the contrary.

#### 211006. Responsibility of Inspectors

Inspectors cognizant of contracts under which contractor inventory is generated

are responsible for securing and processing inventory schedules pursuant to the provisions of this chapter. Except as otherwise indicated, the provisions of this chapter are applicable to both termination and nontermination inventory.

#### 211007. Cooperation Between Inspectors and Disposal Activities

Reporting activities are encouraged to solicit assistance from the cognizant disposal office with respect to inventory schedule preparation, scrap and salvage recommendations, and other inventory problems within the jurisdiction of the disposal office. Cooperation between the reporting and disposal activity is essential to the effective and expeditious clearance of contractor's plants. Coordination must be achieved to assure maximum utilization and efficient disposition of contractor inventory.



PART B. PROCESSING AND SCREENING OF CONTRACTOR  
INVENTORY SCHEDULES211100. Reporting of Excess Contractor  
Inventory by Contractors and  
Subcontractors

a. General. Whenever the cognizant Inspector determines that contractor inventory as defined in ASPR, paragraph 8-101.5, is in excess of amounts needed for the full performance of a contract, he shall require that the contractor or subcontractor submit inventory schedules, promptly, to the Inspector, contractor, or next higher tier subcontractor, as the case may be. Such contractor inventory (except property for which disposition or other instructions have been issued previously by the owning bureau) shall be deemed to be excess and shall be screened in accordance with the instructions contained in this part, when it falls within any of the categories listed below:

1. Property declared by the contractor as no longer required in the performance of the contract.

2. Property allocable to a reduced, completed, or terminated contract.

3. Production equipment which is not in use in current production, or for which use is not contemplated within ninety (90) days, excluding:

(a) equipment installed or designated for currently scheduled production, but not yet in use pending completion of a production line; and

(b) specific tools located in a contractor's plant, title to which is vested in the Government, and which, in accordance with the provisions of the contract, are required for the maintenance of the Government property.

4. Material resulting from contract changes.

b. Special Tooling

1. Special tooling which was not an end item under the contract but was acquired under a special tooling clause for fixed-price contracts (ASPR 13-504) shall be reported to the cognizant bureau in accordance with the terms of the contract

or applicable bureau instructions, and not pursuant to this chapter. The provisions of this chapter shall apply, however, in the event that the contracting bureau assumes title to and authorizes disposition of such tooling.

2. Where the contracting officer determines that no further requirements exist for the special tooling discussed in 1, above, he will also generally indicate the method of disposition selected pursuant to the special tooling clause. If such disposal instructions are omitted, the Inspector, acting for the contracting officer, shall determine whether (a) waiver of the Government's rights to the tooling is justified or (b) other means of disposition would best protect the Government's interest in the tooling. The Inspector thereupon shall notify the contractor of his decision and shall report such tooling to the cognizant disposal office for disposition in accordance with 211400, unless the Government's rights to the tooling have been waived. The Government's rights to such special tooling shall not ordinarily be waived by an Inspector of the Material Inspection Service unless the administrative burden and expense incident to processing the property for disposition is equal to or greater than the residual value of the tooling.

c. Reserve Plant Property. Property which is located in Industrial Reserve Plants (in operation) and is not needed for current production, but which is required for mobilization schedules, shall be reported for screening pursuant to this chapter. However, automatic release provisions set forth in 211107 are not applicable to such property and disposition thereof shall be effected only upon express authorization. Reports listing such property shall contain the following notation:

"REQUIRED FOR EMERGENCY  
OR MOBILIZATION SCHEDULES."

The submission of such property for screening shall be coordinated with the Armed Services Procurement Planning Officer.

211101. Preparation of Inventory Schedules

a. Forms. The following schedules, as appropriate, shall be utilized for reporting termination and nontermination inventory:

1. Inventory Schedule A (Metals in Mill Product Form), DD Form 542.
  2. Inventory Schedule A - Continuation Sheet (Metals in Mill Product Form), DD Form 542c.
  3. Inventory Schedule B (Raw Materials other than Metals, Purchased Parts, Finished Components, Finished Product, or Miscellaneous), DD Form 543.
  4. Inventory Schedule B - Continuation Sheet (Raw Materials other than Metals, Purchased Parts, Finished Components, Finished Product, Miscellaneous), DD Form 543c.
  5. Inventory Schedule C (Work in Process), DD Form 544.
  6. Inventory Schedule C - Continuation Sheet (Work in Process), DD Form 544c.
  7. Inventory Schedule D (Dies, Jigs, Fixtures, etc., and Special Tools), DD Form 545.
  8. Inventory Schedule D - Continuation Sheet (Dies, Jigs, Fixtures, etc., and Special Tools), DD Form 545c.
  9. Termination Inventory Schedule E (Short Form for Use with DD Form 831 only), DD Form 832.
  10. Schedule of Plant Equipment for Disposition, NAVEXOS 4080.
  11. Schedule of Plant Equipment for Disposition - Continuation Sheet, NAVEXOS 4080A.
  12. DOD Property Record Supplementary Data, DD Form 1342s (for Class 4 Plant Property only).
- b. Number of Copies. The number of copies of inventory schedules or DD Form 1342s required to be submitted by suppliers is set forth below:

Termination Inventory -25 copies  
Non-Termination Inventory except  
Class 4 Production Equipment - 25 copies  
DD Form 1342s - 20 copies  
A distribution chart for inventory schedules and DD Form 1342s is set forth in Table G.

c. Preparation and Filing

1. Inventory schedules shall be prepared and submitted as soon as practicable. Under terminated contracts,

the submission of schedules need not be delayed until the settlement proposal is prepared and submitted. Non-termination inventory shall be reported as soon as the property becomes excess to the performance requirements of the Government contract(s) for which it was provided. Partial schedules covering substantial portions of inventory may be submitted. Such partial schedules should include all items within a single classification, at any one location, and should be identified as "Partial Schedule No. 1," "Partial Schedule No. 2," etc., and "Final Partial Schedule." Under terminated contracts, contractors should be discouraged from submitting partial schedules covering only minor amounts of property.

2. Separate schedules shall be prepared to list property in the categories shown below. Line items for each of these categories should be numbered consecutively. Pages should be numbered in a similar sequence. Classification of property under each of the following categories shall be subject to the approval of the Inspector:

- (a) Contractor-owned property.
- (b) Government-furnished property (separated by groups shown in (c) (1) to (c) (8).)
- (c) Government-owned (contractor-acquired) property separated as follows:

(1) Production Equipment. Each Class 4 Plant Property item (categories listed in Table B of this chapter).

(2) Serviceable Property. Serviceable property other than production equipment having a line item acquisition cost in excess of \$300 must be separated by categories as listed in Table D of this chapter.

(3) Special Tooling. Dies, jigs, fixtures and special tools, regardless of value, which are in usable condition. Special test equipment shall be listed separately.

(4) Line items of serviceable property having an original cost of \$300 or less.

(5) Scrap and Salvage. This category includes unserviceable material, special tooling, and plant equipment (except Class 4 production equipment).

(6) Classified Property. Includes all property, regardless of value or condition, having a security classification (the grade of security classification must be indicated) (see Paragraph 211110).

(7) Reserved Materials. Precious and semi-precious metals and reserved materials (atomic energy materials) regardless of quantity, size of the line item or condition (see paragraphs 421 and 424 or NPR&D Reg.No 1).

(8) Total Inventory Not In Excess of \$2,500. Where the total amount of serviceable inventory being reported, exclusive of Class 4 Plant Property, has an original acquisition cost of \$2,500 or less, it should be listed on a single inventory schedule, namely DD Form 832.

3. Allocable termination inventory acquired by the contractor under fixed-price contracts, which the contractor wishes to retain at cost or which can be returned to suppliers pursuant to subparagraph 210101a.5(b) of Chapter 10 of this Volume, shall be omitted from the schedules unless otherwise specified in the notice of termination.

4. Itemized Cost Information

(a) Unit and total costs for each line item listed must be included in the inventory schedule forms. When

accurate cost data are not readily available, estimated costs may be used by the contractor. When used, estimated costs will be so identified. Estimated costs used in reporting termination inventory shall be converted to actual costs upon submission of the settlement proposal. Where a claim is authorized to be submitted on the Total Cost Basis, actual costs shall be shown, except that:

(1) estimated costs may be shown for fabricated material where actual costs are not available; and

(2) an aggregate cost may be shown for items determined to be unserviceable, where a list was previously submitted detailing the items and the unit costs thereof.

(b) Major categories of inventory (special tools, purchased parts, raw metals, etc.) submitted by contractors should indicate the total cost of line items comprising each such category.

5. A commercial description adequate for screening and disposal purposes shall be provided for all items having commercial value. For all other items, the contractor shall include a description sufficient to enable the screening and/or disposal activity to effect disposal determinations. Whenever the Inspector so authorizes, the Contractor need not itemize material believed by the contractor to be scrap or salvage, provided that (1) such material is physically segregated in the contractor's plant and (2) the contractor prepares a preliminary list describing the material, generally; setting forth pertinent cost data, and giving such other information as may be necessary for a determination by the Inspector and the disposal activity that the material is scrap or salvage. If the material is determined to be scrap or salvage, the contractor may make a single description entry on an inventory schedule covering such material and indicating its cost (estimated, if actual cost is not known). Descriptive data shall include (as applicable):

(a) Government identification numbers, if available.

(b) The type of raw materials, including heat treatment, temper, finish, mil-specification, and chemical or physical properties.

(c) Full nameplate data on all machine tools, generators, materials handling equipment, etc.

(d) Information as to whether inspection gages listed are of Government or contractor design.

(e) Separate listing of standard measuring equipment, including complete catalog information.

(f) The circuit symbol number and equipment nomenclature for electrical and electronic equipment reported. In addition, unless the Navy Stock Number is shown, a definitive JAN/MIL type number shall be included.

(g) Description of property in the "Inventory Control System for Plant Property" shall include:

(1) Standard Commercial Description--Similar to description on DOD Property Record, DD Form 1342 (see 211106 for instructions covering the preparation of DD Form 1342s).

(2) Name of Manufacturer--Names of dealers and distributors should not be used.

(3) Model Number--The number as taken from the nameplate of the machine.

(4) Year of Manufacture--Estimate, if unknown, and so indicate.

(5) Electrical Characteristics--Input power and horsepower rating (for main driving motor only).

(6) Condition--Appropriate condition code description, based on actual physical condition, rather than age, obsolescence, or other factor.

(7) Missing, Broken or Damaged Parts--Indicate missing, broken, or damaged parts. All machines coded in "R" condition will, as far as possible, reflect estimated cost of repair by commercial

rebuilders, and indicate tolerances machine will maintain.

(8) Acquisition Cost-- Actual acquisition cost of basic machine with standard equipment, not to include cost of special tooling, transportation or installation. If the actual acquisition cost is not known a realistic cost should be estimated and so indicated.

(9) Remarks--Special features, characteristics, and other basic information not covered by the above, which would assist in determining requirements, should be included.

6. Unit measures for each item and type of container shall be indicated. Standard abbreviations may be used for these entries.

7. The condition of inventory items shall be coded on the schedules in accordance with the instructions contained therein. Property in scrap or salvage condition shall be coded "S" or "X" respectively. Property in condition codes "N" through "R" and "1" through "4" shall be coded by use of the appropriate letter-number combination. Excess production equipment (Class 4) being reported on DD Form 1342s shall be coded by use of the appropriate letter only, as prescribed in Table C of this chapter.

8. Schedules listing excess Government property furnished under contracts which are terminated shall normally be submitted simultaneously with other schedules of termination inventory.

9. Inventory Schedule Certificate. The Inventory Schedule Certificate printed on the face of inventory schedules must be executed by the contractor (or subcontractor for termination inventory to which the subcontractor has title) whenever excess contractor inventory is reported for plant clearance. The Certificate on nontermination inventory schedules should be executed by the contractor regardless of the location of the property. As indicated in paragraph 210600.b, the original and three copies of each schedule shall be signed by an authorized official. An inventory schedule certificate is not required with DD Form 1342s. However, DD Form 1342s should normally be sub-

mitted by signed letter of transmittal from the contractor to the Inspector.

10. Reproduction of Forms. Inventory schedule forms for listing all categories of contractor inventory, as delineated in paragraph a., above, may be reproduced by the contractor provided no change in format or size is made. Sufficient supplies of these forms shall be stocked by Inspectors to satisfy the requirements of contractors and subcontractors. Reproducible masters for DD Form 1342s will be supplied by Inspectors.

11. Instructions for the routing of inventory schedules are set forth in 211500.

#### 211102. Approval of Inventory Schedule Forms and Excess Declarations

a. Upon receipt of reports of excess production equipment (DD Forms 1342s) in satisfactory form, the date of receipt by the Inspector shall be inserted in Item 58, Section III, and the report distributed for utilization screening, or referred for disposition pursuant to 211104, as appropriate. Verification of the report and equipment will be accomplished in accordance with 211103.

b. Upon receipt of inventory schedules (other than DD Form 1342s), the Inspector shall note thereon the date received, and shall promptly review the schedules to assure that:

1. The forms have been prepared in accordance with applicable instructions.
2. The descriptive data are satisfactory for redistribution and disposal purposes.
3. The Inventory Schedule Certificate has been signed by the contractor in accordance with 211101.c.9.

c. Inventory schedules (other than DD Form 1342s) which are considered to be satisfactory in form shall be stamped as shown below on the first page of four sets of schedules and forwarded for screening if required:

"Received \_\_\_\_\_, 19 \_\_\_\_.  
Approved by \_\_\_\_\_ on  
\_\_\_\_\_, 19 \_\_\_\_, as satisfactory in form for redistribution and disposal purposes."

A Report of Excess Personal Property,

S.F. 120, prepared in accordance with 211502.b, shall be attached to inventory schedules (other than DD Form 1342s) being submitted for utilization screening.

d. Inventory schedules or declarations of excess production equipment which are considered to be unsatisfactory in form shall be returned to the contractor within 15 days from the date of receipt with appropriate statements regarding deficiencies.

e. Inventory schedules or reports of excess production equipment which have been properly prepared and submitted by the contractor shall be transmitted for utilization screening or disposal within three working days from receipt. Screening of property will not be postponed pending physical verification. These operations should be accomplished concurrently.

#### 211103. Verification of Inventory Schedules

a. Verification of inventory schedules shall be accomplished concurrently with the screening required by this part, utilizing NAVEXOS 4241. (See 211501 and specimen format on page 11-27.) The cognizant Inspector shall arrange for verification of inventory schedules as follows:

1. When the inventories are located at plants within his inspection area, the schedules shall be verified by personnel of that inspection area.

2. If the inventories are located at plants outside of his inspection area, copies of the inventory schedules, together with a request for verification thereof, shall be forwarded to the Inspector cognizant of the plant in which the property is located, as indicated in NAVEXOS P-575. Related functions such as initiation of screening and/or initiation of disposal action, as warranted, shall be performed by the Inspector accomplishing the verification, when so requested.

3. When schedules are referred to another inspection district for verification, screening, and disposal (pursuant to 2., above), the Inspector receiving such request shall initiate required screening or disposal action within three working days. The office requesting screening and disposal assistance shall furnish all data nec-

essary for completion of the Request For Disposal Action, NAVEXOS 4253, in addition to any other pertinent information which may affect screening or disposition of the property (packing costs, etc.).

4. Generally, owning bureaus prefer to effect the screening of special tooling as a single "package." Accordingly, the option of requesting screening assistance is not applicable to special tooling.

b. In verifying inventory schedules, Inspectors shall:

1. Assure that the inventory included on the schedules is physically present at the location indicated.

2. Assure that any termination inventory included on the schedules is allocable to the terminated contract. In determining the allocability of termination inventory, a review of contract item requirements, delivery schedules, contractor's bills of material, etc., is necessary. Following such review, observation shall be made to determine whether the schedules include:

- (a) material which would not have been required for completion of the terminated portion of the contract;

- (b) material in quantities indicating an unreasonable anticipation of contract requirements; and

- (c) material which might be utilized on the continuing portion of the contract, or diverted to other work of the contractor, either commercial or Government. Technical Inspectors shall utilize their sound judgment and experience gained during the life of the contract in detecting common items. In addition to the use of such judgment and experience, other means of determining the existence of common items include:

- (1) a review of the contractor's purchase orders for contemporaneous procurement of similar material;

- (2) a review of the contractor's plans and orders for current and scheduled productions;

- (3) a review of the contractor's stock record cards;

(4) a review of the contractor's bills of material prepared for items similar to the terminated items.

3. Assure that the quantities of inventory available are in accordance with the quantities listed on the inventory schedules. While a complete physical count of each item of inventory normally need not be performed, sufficient checks to assure that the quantities are reasonably accurate shall be performed.

4. Assure that the condition of the inventory is in accordance with that shown on the inventory schedules.

5. Assure that contractors and subcontractors have endeavored to return unused parts and supplies to vendors and suppliers for appropriate credit (see 206330.b for non-termination inventory). Such determination shall be made with respect to contractor-acquired property determined to be excess for any reason (termination, completion, etc.) under a cost-type contract or under a terminated fixed-price contract. Where the Inspector determines that a satisfactory attempt has not been made to effect the return of such residual property, the contractor shall be requested to take such action promptly and release or removal of the property shall be held in abeyance pending completion thereof. The extent of the Inspector's authority to approve returns to suppliers or retentions at cost of contractor-acquired property is contained in 211200.c.2

of this chapter. Whenever the Inspector finds that a vendor or supplier is willing to accept the return of property at a lower price than that provided in ASPR 8-505.2, such information shall be transmitted to the disposal office when forwarding the Request for Disposal Action, NAV-EXOS 4253. In addition to seeking return of property to suppliers and retention of common items of termination inventory, Inspectors shall insure that reasonable and sufficient steps have been taken by the contractor to divert residual contractor-acquired Government property to other government and commercial contracts and orders at his plant with appropriate credit to the Government and pursuant to instructions received from the Inspector.

6. Evaluate the contractor's scrap and salvage recommendations and indicate concurrence therewith or exception thereto.

c. The amount of inventory to be subjected to verification is normally a matter of judgment for the Inspector; however, in order to assure some measure of consistency, certain guides and requirements are set forth:

1. While it is neither practical nor economical in every instance to check each individual item of inventory as to location, allocability, quantity, etc., Inspectors shall perform sufficient

checks as are deemed necessary to assure maximum protection of the Government's interests. The procedures set forth below represent the minimum sampling for verification of contractor inventory. However, if this minimum sampling reveals significant discrepancies, a more comprehensive sampling shall be undertaken.

2. Inspectors shall be governed by the following:

(a) In order to determine which of the items listed on inventory schedules should be subjected to verification, all of the inventory schedules which comprise any one class of inventory shall be considered as one lot (e.g., all Schedule A items would comprise one

lot, all Schedule B would comprise a second lot, etc.).

(b) Each lot shall then be examined to determine the number of lines in each of the dollar groupings of column A, below.

(c) The percentage in column B shall then be applied to the total number of such lines in each dollar grouping to obtain the number of lines to be verified. Example: Assume that one lot of all items listed on Schedule B consists of 20 pages with a total of 160 lines of various items of Raw Material, Purchased Parts, etc. To determine the (minimum) number of lines of the total of 160 which are to be verified, the steps outlined above are applied as follows.

A	
Line Extension Dollar Amount	
\$	1 to \$ 9.99
	10 to 99.99
	100 to 499.99
	500 to 999.99
	1,000 and over

B	
Percentage	
	5%
	10%
	25%
	50%
	100%

Line Extension Dollar Amount	Total Number of Lines	Percentage	Total Number of Lines to be Verified
\$ 1 to 9.99	100	5%	5
10 to 99.99	10	10%	1
100 to 499.99	16	25%	4
500 to 999.99	20	50%	10
1,000 and over	14	100%	14
Total	160		34

3. Having determined (from the above) the number of lines to be verified, such lines shall be chosen at random from each applicable subgroup. All of the units on each line selected shall be thoroughly verified as to quantity, condition, etc., in accordance with the following:

(a) Schedule A Items--Metals in Mill Product Form: Exact determination of the quantities or weights listed is not required; however, a check shall be made to

verify that the amount or weight is approximately correct. For example, on a line listing 3,400 pounds of steel strip in rolls, visually select an average-size roll, have it weighed, and multiply this weight by the number of rolls. Likewise, for wire on spools with the total quantity indicated in pounds, weigh several spools to verify weight shown on each spool. If correct, accept the weight as shown on each spool and merely total the various spool



weights. For material susceptible to such checks, the dimensions of single samples should be checked by scale or micrometers. The composition, hardness, type alloy, etc., listed on the schedules should be checked against original tags or markings of the producer whenever possible.

(b) Schedule B Items--Raw Materials (other than metals), Purchased Parts, etc: Visually check representative sample pieces from each line selected for inspection, to verify identity. Refer to Technical Manuals and Government and/or commercial drawings to the extent necessary for satisfactory identification. For small purchased parts, weight-count the material. When an item is packed in similar-size containers, equally loaded, weight-counting of several such containers and multiplying by the number of containers is satisfactory. On purchased parts still in the original supplier's packages, acceptance of the quantity shown on the original marking is satisfactory. Finished Product and Finished Components shall be inspected for strict compliance with contract specifications. Finished Product, reported in connection with a terminated contract, shall be verified to the same extent as would have been required in the absence of termination. Inspectors shall be particularly alert to the possibility of the contractor's having included rejects or spoilage as acceptable inventory.

(c) Schedule C Items--Work in Process: Visually examine representative samples from each line selected for inspection, to determine that the stage of completion agrees with that shown on the schedules. Refer to specifications, drawings, bills of material, etc., as necessary, for this verification. As noted above, Inspectors shall be particularly alert to prevent the inclusion of rejects or spoilage.

(d) Schedule D Items--Dies, Jigs, Fixtures and Special Tools: Visually examine representative samples from each line selected for inspection, to verify identity. Identity can usually be ascertained by part

numbers stamped on or molded into the tools. Particular alertness shall be exercised to ascertain that these items were actually required in the production of the items under the terminated or completed contract, and that they were not common to the contractor's other manufacturing processes.

d. After completing verification of inventory schedules, NAVEXOS 4241 shall be completed, signed, and returned to the originator together with one copy of the inventory schedule(s) marked in such manner as to indicate which items have been physically verified. Upon receipt of this report, the information contained thereon shall be thoroughly analyzed to assure that sufficient checks have been made to fully protect the Government's interests. Items reflected in this report which will have a bearing on the settlement or reimbursement under a terminated, completed, or continuing contract will be conveyed to the contracting officer and/or others concerned therewith, as appropriate.

e. Contractors shall be advised to remove from their claims and inventory schedules, items of inventory found to be unallocable. In the event that a controversy arises as to whether or not particular items are allocable, the contractor shall be advised to state the details in writing for submission to the contracting officer via the Inspector, who shall forward the statement with sufficient comments to enable the contracting officer to decide the issue.

#### 211104. Excess/Idle Production Equipment

##### a. Reporting by Contractor

1. General. Whenever production equipment (Class 4 Plant Property) listed in Table B of this chapter is no longer usable or no longer required for the performance of Government contracts for which it was provided, the Inspector shall require the contractor to report each item of such equipment for disposition, by use of a DD Form 1342s DOD Property Record Supplementary Data.

2. Copies Required. Twenty (20) copies of DD Form 1342s shall be submitted by the contractor to the Inspector.

3. Review by the Inspector. The Inspector shall review each DD Form 1342s received, to insure that it has been fully and correctly completed in accordance with the instructions contained in 211106. Standard Form 120 shall not be used with DD Form 1342s. DD Form 1342s is shown on page 11-56.

b. Referral to Screening Activities

1. Reportable Property. Excess production equipment (Class 4 Plant Property) is the only category of contractor inventory defined as "reportable property" (see definition under 211001.9).

2. Report Number. A separate report number shall be assigned to each DD-1342s received in satisfactory form. The report number will be based upon the same numbering system applicable to Standard Form 120, except that the Accounting Number assigned to the contractor shall be omitted. This report number shall be inserted in block 61 of Section III of the DD-1342s form.

3. Utilization Screening. After insertion of the report number and date received (block 58), the Inspector shall forward two copies of each DD-1342s (except for items in scrap condition), simultaneously, to the cognizant bureau or office and six copies to the Navy Production Equipment Control Office (NAVPECO), Naval Air Material Center, Philadelphia 12, Pa., for determination of Navy-wide requirements. These copies shall be forwarded by letter of transmittal, which shall request screening activities to identify requirements by reference to the report number in block 61. Where a bureau requires that the copies intended for them be furnished instead to other specified offices, Inspectors shall be governed by the bureau's instructions.

4. Equipment in Scrap Condition. DD Forms 1342s, listing items in scrap (X) condition, shall be reported directly to the cognizant disposal office and shall not be submitted for the utilization screening prescribed above, provided that the Inspector has confirmed the accuracy of the scrap condition shown. However, the screening activities shall be furnished with an information copy of such DD Form 1342s, over stamped across the face of the form as follows: SCRAP ITEM - FOR INFORMATION ONLY.

5. Physical Verification. Concurrently with submission of DD Form 1342s for utilization screening, the Inspector shall verify the physical presence of the equipment and the accuracy of the information set forth on the DD Form 1342s. The Inventory Verification Report, NAVEXOS 4241, shall be used to record the results of such verification (see 211103).

6. Navy-Wide Screening. NAVPECO will normally accomplish its screening actions in coordination with the cognizant bureau or office within 60 days from the receipt of the DD Form 1342s. Upon completion of the foregoing utilization screening NAVPECO shall withhold those DD 1342s forms covering equipment for which requirements exist within the Navy Department, and release the remaining DD 1342s forms to the Defense Logistics Services Center (DLSC) for 30-day DOD utilization screening. In forwarding these forms, NAVPECO will be considered as the reporting office.

7. Automatic Release Date. The automatic release date (ARD) for "Reportable" production equipment shall be established by NAVPECO and shall consist of a period of 90 days from date of submission to the DLSC, during which screening will be accomplished by military and Federal civilian agencies. The Inspector initiating screening action shall be furnished with a copy of the transmittal notice to DLSC, or otherwise notified of the date established for automatic release of the property from further screening. The ARD will not be extended.

8. DOD Screening. Upon receipt of DD Form 1342s, the DLSC will combine this listing with other listings of excess property, by commodity groups, and distribute such Excess Listings to selected military activities. Upon completion of its 30-day screening period, the Center will transmit DOD-excess items to GSA for a 45-day screening period.

9. GSA Screening. DD Form 1342s will be cataloged and circularized to the extent considered necessary by the cognizant GSA Regional Office. Regional requirements, as a result of such screening, will be reported to GSA for approval and subsequent transmittal to the Inspector for shipment and release of the property.

c. Special Procedures

1. Follow-up by Inspector. If, at the expiration of seventy days following submission of "reportable" equipment to NAVPECO, shipping instructions or evidence of referral to DLSC have not been received by the Inspector, appropriate follow-up procedures shall be taken by the Inspector to determine the cause of delay.

2. Market Impact Determination. Whenever 100 or more excess "reportable" machine tools at a contractor's plant are submitted for utilization screening, two additional copies of each DD Form 1342s shall be submitted to NAVPECO by the Inspector, concurrently with the submission of the DD Forms 1342s to the DLSC. NAVPECO shall transmit these additional copies to the Staff Director, Industrial Production Equipment Division, Office of Secretary of Defense (Installations and Logistics), Washington 25, D. C., for market impact determination. Whenever submissions are made to NAVPECO in accordance with this subparagraph, an explanatory statement shall be included in the transmittal letter.

3. Excess Production Equipment of Other Departments and Agencies. Inspectors administering contracts of other military departments or Federal agencies (NASA, AEC, etc.) shall report all residual production equipment generated thereunder to such department or agency for utilization screening prior to offering this equipment to naval activities or other military or Federal civilian agencies. Equipment excess to the owning service or agency shall then be processed pursuant to Paragraph 211104.

211105. Surplus Production Equipment

a. Donations. Following GSA regional screening, a 15-day period will be provided for donation screening for educational, public health, or civil defense purposes. Eligible donees shall obtain information concerning available surplus production equipment from the cognizant GSA Regional Office. Donation requests must have GSA approval before release and/or shipment of any property can be effected by an Inspector.

b. Sale or Other Disposition. Upon expiration of the donation screening period, the Inspector who initiated screening action shall report equipment for which transfer or donation instructions have

not been received, to the cognizant disposal office for final disposition in accordance with 211400. Inspectors shall not refer "reportable" production equipment, in usable condition, to a disposal office until DLSC and GSA have authorized disposition thereof, or the ARD has been reached, and the prescribed donation period has elapsed.

211106. Instructions for Preparation of DD Form 1342s

a. Specific Instructions. The following instructions apply to the completion of DD Form 1342s:

Heading. Enter an "X" in the respective block designating "Initial" or "Correction," according to the purpose for which the report is submitted. Enter the identifying noun name entered on the corresponding DD Form 1342.

Sections I and II. Enter in Items 1 through 14, and 16 through 25 the current data entered on the corresponding DD Form 1342. Update any elements of data which should be changed.

Item 15. Enter in Item 15 the appropriate inactive code selected from Table C. Attachments and accessories shall not be considered in establishing condition of basic item.

Section III.

Item 26. Complete only for idle production equipment retained under contractual agreement (example: idle production equipment in Industrial Reserve Plants required for mobilization schedules). Enter contract number under which equipment is retained and state purpose for which retained, i.e., (1) Use, (2) Storage, (3) Lease, (4) Other.

Item 27. Enter an "X" in the appropriate block. In completing the statement regarding "Months in Use," include actual months in use and the number of shifts. Example: An item has been used for nine months on a two-shift basis; the entry would be "9/2."

NOTE: For Items 28 through 53, place an "X" in the appropriate block to indicate either a "yes" or "no" answer to the questions. Any indication of poor quality will be explained on an attached continuation sheet. If the question is not applicable, enter "NA."

Items 28 and 29. Self-explanatory.

Item 30. All items in contractor plants will be considered "severable" unless they were installed pursuant to ASPR 13-406.1.

Item 35. If item requires repairs, estimate the cost and briefly describe the extent of repair required. Minor repair (less than \$100) need not be considered. The word "repair" is not intended to encompass "rebuilding" which is considered in Items 49 and 55. If item requires parts replacement, list parts on an attached continuation sheet.

Items 36 through 55. Self-explanatory.

Item 56. Indicate estimated cost to prepare and load for shipment by common carrier.

Item 57. Enter date prepared by contractor.

Item 58. Enter date received by Inspector.

Items 59 and 60. Leave blank.

Item 61. Assign a separate report number to each DD Form 1342s, using the numbering system outlined in 211104 b.2.

b. Corrections to DD Form 1342s. In the event a correction to a previously submitted DD Form 1342s is required, enter an "X" in the correction block of the Heading and complete the entire form to correct the information submitted previously. The number of copies and distribution shall be identical to the initial DD Form 1342s.

c. Certification. An inventory certificate is not required for the DD Form 1342s. However these forms should normally be submitted by means of a signed letter of transmittal from the contractor to the Inspector.

211107. Excess Contractor Inventory (excluding Production Equipment)

a. Reporting by Contractor. Government property, and other personal property in which the Government has a right or obligation to take title, shall be reported for utilization screening and/or disposal whenever such property is determined to be excess in accordance with the criteria in 211100, above. Paragraph 211101 contains instructions as to the forms prescribed for reporting such excess property, including the required number of copies

and the requirements governing their preparation and submission.

b. Referral to Screening Activities

1. Nonreportable Property. Except for excess production equipment (Class 4 plant property), all excess contractor inventory is nonreportable property (see definition under 211001.4).

2. Property Not Requiring Screening. Several categories of nonreportable property are not required to be screened with either military or Federal civilian agencies of the Government. These categories of property, which are listed below, should be reported by the Inspector directly to the cognizant disposal office listed in Table A of this chapter, for final disposition pursuant to Paragraph 211400. Contractors should be cautioned to submit these categories of property on separate schedules in order to facilitate immediate disposition:

(a) Line items of serviceable property having an original cost of \$300 or less.

(b) Scrap and salvage, waste, perishables, and property dangerous to public health or safety.

(c) All work in process.

(d) Unserviceable property, excluding Class 4 production equipment.

(e) Where the total amount of serviceable inventory being reported, exclusive of Class 4 Plant Property, has an original cost of \$2,500 or less.

3. Property Requiring Military Screening Only

(a) Several categories of non-reportable property require military screening but are exempt from screening with Federal civilian agencies. These categories of property are listed below. Contractors should be cautioned to submit these categories of property on separate schedules in order to facilitate the limited screening required:

(1) Special tooling in usable condition (does not include special test equipment which must be reported for screening by military and Federal civilian agencies).

(2) Items which have potential use only within a single service (see Appendix C of NPR&D Reg. No. 1 for examples).

(3) Classified property.

(b) Property in the three categories above shall be processed by the Inspector in accordance with the instructions set forth in subparagraph 4 below, except that:

(1) Only Navy-wide screening is required; however the contracting officer may elect to screen with the other military departments if considered beneficial.

(2) The automatic release date for screening of such property will be 45 days (in lieu of 30 days) from the date on which the schedules are submitted for utilization screening.

(3) Deadline dates shown on SF 120 will be replaced by the following notations:

a SUBMITTED FOR  
NAVY-WIDE SCREENING ONLY

b The Automatic Release  
Date for this Property is:  
[45 days from date of submission].

(4) Promptly, after the ARD is reached (or at any earlier date on which the property is declared surplus), revised schedules shall be submitted to the cognizant disposal office for final disposition pursuant to 211400 of this chapter.

#### 4. Property Requiring Both Military and Civilian Screening

(a) General. All nonreportable property, except for those categories enumerated in subparagraphs 2 and 3 above, are required to be screened by both the military and civilian agencies of the Government prior to disposition as surplus, in accordance with the procedures set forth herein. Inventory schedules requiring such utilization screening shall be routed in accordance with the flow chart on page 24a. Because different categories of serviceable property require utilization screening by different Inventory Control Points, contractors shall be cautioned to separate listings of serviceable property in accordance with the categories set forth in Table D of

this chapter.

(b) Navy-Wide Screening. Navy-wide screening, selections, and issuance of shipping instructions shall be accomplished within a thirty (30) day period except as indicated in subparagraph 3, above. To achieve such action within this limited period, the procedures listed below shall be employed:

(1) Upon receipt of inventory schedules in acceptable form, the reporting office shall effect the following distribution:

a Original and five copies to the requiring activity.

b Two copies to the appropriate Navy Inventory Control Point (see Table D of this chapter).

c Two copies to the purchasing activity (if different from a and b.)

d Two advance copies to the cognizant disposal office.

(2) Standard Form 120, completed in accordance with instructions in Paragraph 211109, shall be attached to each copy of the inventory schedules distributed for utilization screening.

(3) In addition to determining its requirements within the prescribed thirty-day period, the requiring activity is also responsible for referral of appropriate inventory schedules to technical bureaus and naval activities, other than Inventory Control Points, considered to have potential requirements for the available property. In this respect, the cognizant Navy disposal office shall ascertain the requirements of naval activities located in the immediate area of the property. The reporting office is responsible for transmitting copies of the inventory schedules directly to the Inventory Control Point and the purchasing activity because of the limited period in which Navy-wide screening must be accomplished.

(4) In many instances excess property is generated under a contract in which the purchasing activity is not the requiring activity. The distribution in subparagraph (1) a, above, of the original and five copies of Inventory Schedules is intended for the requiring activity. Accordingly, to insure that such schedules are directed to the proper activity, Inspectors shall review the applicable contract to determine the requiring activity which is to receive

these inventory schedules. Distribution of schedules prescribed herein will be modified to avoid duplication, whenever the requiring activity, the Inventory Control Point and the purchasing office are not separate activities.

(5) Retention and redistribution requirements of the owning bureaus and offices (requiring activities), Inventory Control Points, purchasing activities and other naval activities shall be furnished directly to the reporting office during this period. In the event of dual Navy requirements for any inventory items, the order of preference shall be in the sequence indicated above. Shipments shall be held in abeyance during the 30-day Navy-wide screening period to the extent necessary, to insure compliance with the foregoing priority sequence.

(6) Where the magnitude of a program or other circumstances justify a screening period in excess of thirty days, the situation shall be reported to the Chief of Naval Material (M05) for extension of the prescribed screening period.

c. Other Military and Federal Civilian Agency Screening. Screening by Federal Civilian agencies and military activities other than the Navy shall be accomplished during a forty-five (45) day period immediately following Navy-wide screening.

1. Upon completion of the 30-day Navy screening period, the reporting office will revise the inventory schedules by deletion of those items required by the Navy Department, and transmit four copies of the revised inventory schedules to the appropriate GSA Regional Office listed in Table E of this chapter.

2. Concurrently, with the foregoing referral to GSA, two copies of inventory schedules listing aeronautical, electrical, and electronic equipment and supplies shall be furnished by the reporting office to the appropriate Air Force, Army and Marine Corps Inventory Control Points listed in Table F. In addition, other categories of Navy excess contractor inventory may be referred to these military services provided that the property is considered to have utilization potential and is of sufficient value and quantity that transfer is economically feasible. Local representatives of the other military services should be contacted promptly to secure the mailing

address of other Inventory Control Points required for this purpose. Transfer requests during this screening period shall be directed to the appropriate GSA Regional Office.

3. During the first thirty (30) days in which property is reported to GSA, redistribution is restricted to DOD activities only, and shipments shall not be made during this period to any Federal civilian agencies. Thereafter, such property is available to either DOD activities or Federal civilian agencies for a fifteen (15) day period on a "first-come-first-served" basis.

211108. Surplus Contractor Inventory  
(Excluding Production Equipment)

a. Donations

1. A fifteen-day period will be provided for donation screening of contractor inventory, upon completion of screening by the GSA Regional Office. Donation requirements for property reported to GSA will be handled through that Agency. Requests for donations shall not be honored without appropriate written approval by the GSA Regional Office. Surplus property earmarked for donation shall be held for a period not to exceed 40 calendar days from the date of selection. Property which is not claimed and removed by the donee during this period shall be processed for further disposal pursuant to Paragraph 211400.

2. Property which is exempt from GSA screening shall be made available to eligible donees for a fifteen-day period through the maintenance of donable files at Navy disposal offices in accordance with the procedures set forth in Paragraph 212103.

3. All costs incident to donation, including packing, preparation for shipment, loading, and transportation, shall be borne by the donee.

4. Property will be transferred to eligible donees by the completion of a Requisition and Invoice/Shipping Document, DD Form 1149. An information copy of each transfer invoice effecting donation will be forwarded to the State Agency of the State in which the property is to be used.

b. Sale and Other Disposition

1. Property listed in 211107b.2 which does not require either military or Federal civilian screening shall be reported directly to the cognizant disposal office listed in Table A of this chapter for donation screening and disposition.

2. Property listed in 211107b.3, which requires military screening only, shall be reported promptly after such screening to the cognizant disposal office for donation screening and disposition, except for those items for which requirements have been reported to the Inspector.

3. Property discussed in 211107b.4, which requires both military and GSA screening, shall be submitted to the cognizant disposal office for final disposition 15 days after the ARD, except for those items for which transfer or donation requirements have been indicated.

4. Surplus contractor inventory shall be reported to the cognizant disposal office for disposition in accordance with the procedures set forth in 211400. Items scheduled for transfer or donation shall be deleted from the inventory listings furnished the disposal office. Schedules shall be transmitted in accordance with the dates in the Standard Form 120 (see 211109).

211109. Special Screening Instructionsa. Report of Excess Personal Property, Standard Form 120

1. With the exception of "reportable" (Class 4) property, Standard Form 120 shall be prepared by Inspectors as the cover sheet for inventory schedules submitted for utilization screening. The actual listing of property shall be shown on the inventory schedules, not on Standard Form 120. Instructions for the completion of the SF 120 are set forth in paragraph 211502.b.

2. If, prior to release of the schedules by the screening activity, discrepancies are revealed as a result of verification, etc., the Inspector shall initiate the following actions as appropriate, depending upon the number and significance of the discrepancies noted:

(a) withdrawal of schedules from the screening activity;

(b) submission of an amended report to the screening activity; or

(c) deferment of action pending release of the schedules from the screening activity. Upon release, the schedules shall be amended to correct any discrepancies, and to reflect withdrawals, shipments, etc.

b. Automatic Release Date

1. Instructions for the assignment of an Automatic Release Date (ARD) for "reportable" class 4 plant property are set forth in 211104.b.7.

2. The Inspector shall establish an ARD for all contractor inventory requiring utilization screening other than Class 4 plant property. The ARD for property requiring military and Federal civilian agency screening is 75 days from the date of submission of the declaration by the Inspector. The ARD for property requiring military screening only, is 45 days from the date of submission of the declaration by the Inspector. The ARD shall be shown on the face of the SF 120. In addition, for property requiring GSA utilization screening, the deadline date for Navy-wide screening and the date on which the surplus portion of the property shall be reported to the disposal office will also be shown on the SF 120.

c. Special Screening. Various classes of contractor inventory, because of a critical, technical, or specialized nature, will be subject to screening provisions which vary from those in 211107 and in the foregoing paragraphs of this 211109. These are:

1. Reserved materials, such as uranium, thorium and other materials determined pursuant to the Atomic Energy Act of 1945 to be peculiarly essential to the production of fissionable material, shall be reported to the Atomic Energy Commission, via the Chief of Naval Operations, for disposal instructions.

2. Narcotics shall be reported and disposed of in accordance with instructions contained in paragraph 416 of the NPR&D Regulation No. 1 (NAVEXOS P-149).

3. Intangible personal property, such as patents, patent rights, processes, techniques, inventions, and copyrights, shall be reported to the General Services Administration, Washington 25, D.C., via the Office of Naval Research, for disposal instructions.

4. Strategic and critical materials meeting the description of types, grades, and minimum reportable quantities shall be reported for stockpiling in accordance with instructions contained in paragraph 424 of NAVEXOS P-149.

5. Automotive vehicles and construction equipment excess to the requirements of the contract shall be reported concurrently to the cognizant bureau or office, the District Public Works Office, and the appropriate Inventory Control Point for utilization screening. Items excess to these activities will then be referred by the Inspector to the Regional GSA office pursuant to procedures in Paragraph 211107.

d. Excess Property of Other Departments and Agencies. Inspectors administering contracts of other military departments or Federal agencies (NASA, AEC, etc.) shall report all residual property generated thereunder to such department or agency

for utilization screening prior to offering this property to naval activities or other military or Federal civilian agencies. Property excess to the owning service or agency shall then be processed pursuant to Paragraph 211107.

#### 211110. Classified Property

a. Property having a security classification must be listed on separate inventory schedules, marked to show the degree of such classification. Inspectors shall insure contractor compliance with the foregoing, in order to prevent the improper processing of classified inventory.

b. Referral of such listings for utilization screening or surplus disposition shall be processed in accordance with the procedures prescribed for handling classified matter.

c. Prior to referral of such property to the cognizant disposal office, it is the responsibility of the reporting activity to determine whether or not the classification of the items being reported may be downgraded. Notice of such determination shall be furnished the disposal office.



PART C. PLANT CLEARANCE AND STORAGE OF CONTRACTOR INVENTORY

211200. Plant Clearance

a. Plant Clearance Period. In those contracts which expressly provide for a plant clearance period as defined in ASPR 8-101(12), such period shall begin upon receipt of acceptable inventory schedules by the Inspector (the date of receipt of such schedules shall be stamped thereon), in accordance with the following instructions:

1. If an inventory schedule furnished by a contractor or subcontractor is inadequate, the contractor or subcontractor shall be notified, promptly, by the cognizant Inspector and required to correct or supplement the schedules in respect to the items which are deficient. Inventory schedules should not be rejected if the information contained therein is adequate for disposal purposes, even if complete cost data on work in process is not available. Rejection of any inventory schedule shall be limited where possible to specific items thereon and shall not necessarily render the balance of such schedule unacceptable.

2. Where only individual items on the inventory schedule are in need of correction or amplification, the submission of the inventory schedules shall be considered acceptable for purposes of starting the plant clearance period. However, where the inadequacy of an inventory schedule requires the return of the entire schedule to the contractor for correction or revision, the plant clearance period shall not begin until final, complete, and acceptable schedules have been submitted.

3. The Inspector shall advise the contractor or subcontractor of any deficiencies apparent in the inventory schedules within fifteen days after receipt thereof, or the schedules shall be deemed acceptable for purposes of starting the plant clearance period. However, should substantial errors develop which were not apparent in an inventory schedule previously deemed acceptable, the plant clearance period shall not be deemed to have commenced until corrected schedules have been submitted, unless the cognizant inspector determines that no unwarranted delay in disposal operations was occasioned thereby.

b. Shipping Instructions

1. Compliance with Instructions for Shipment. Inspectors shall comply, promptly with shipping instructions received from screening activities. Where the Inspector receives shipping instructions prior to the completion of inventory verification, action shall be withheld until verification has been accomplished. Material shall be inspected prior to shipment to assure that it conforms with the description, condition, and quantity originally reported. If shipping instructions are received for property which has been determined to be unallocable, such shipment shall not be made and advice to that effect shall be supplied the activity requesting shipment. In the event that unallocable property has been shipped inadvertently, the Inspector shall endeavor to return such property to the contractor at the contractor's expense and risk. If such property cannot be returned, the contracting officer shall be advised and an appropriate adjustment will be made at the time of final settlement. Normally, however, allocability shall be determined prior to shipment.

2. Packing, Handling and Transportation Costs. (See paragraph 212102.d.)

3. Invoicing of Property being Shipped. Invoices covering shipments of property at private plants shall be prepared and distributed by Inspectors of the Material Inspection Service, USN, pursuant to instructions contained in paragraph 28704 of Volume II of the BUSANDA Manual. In specific cases, where the cognizant Inspector determines that a considerable Volume of Government property is being shipped from a contractor's plant on a continuing basis, the Inspector may arrange for the contractor to prepare the DD Form 1148. This procedure may be used where the contractor volunteers to complete these forms and the Inspector is satisfied that the work will be accomplished correctly. Preparation and distribution of the forms, however, shall be monitored by the Inspector.

4. Advance Instructions for Return of GFP. Where the invoice by which Government property is furnished to the contractor includes instructions for the return of property when no longer required, or upon contract completion, the Inspector shall comply with such instructions. However, where a considerable period of time has elapsed since the receipt of such instructions, or where the condition of the property or other circumstances justify such action, the Inspector should secure confirmation from the authorizing activity prior to effecting shipment. In such cases, utilization screening prescribed in this chapter shall not be instituted unless the original instructions for return of the property are rescinded. Files of the Inspector shall be flagged to insure compliance with instructions for the return of Government-furnished property.

c. Withdrawals

1. Withdrawals of inventory by the contractor require the approval of the Inspector. In addition, withdrawals requested subsequent to the referral of inventory schedules to the disposal activity require the approval of that activity.

2. All contractor inventory applying on cost-reimbursement type contracts (including common items previously reimbursed under the contract) shall be included in the contractor's inventory schedules. However, with the approval of the contracting officer or the cognizant Inspector, a contractor may, upon appropriate adjustment of any previously reimbursed costs, retain at cost or return to a supplier any items of contractor-acquired inventory in accordance with the provisions of this paragraph and subparagraph a.5. of 210101. Authorizations made by the Inspector without referral to the contracting officer shall be limited to items of material as defined in ASPR, Appendix B, paragraph 103.15. Copies of all authorizations issued by the Inspector shall be furnished, promptly, to the cognizant military department auditor and the contracting bureau.

211201. Storage of Contractor Inventory

a. Contractor's Responsibility for Removal and Storage. Subject to the provisions outlined in this article, the contractor or subcontractor is required to comply with any instructions received from the cognizant bureau, cognizant Inspector, or disposal office concerning removal, transportation, preservation, or storage of any items of contractor inventory.

b. Storage at the Expense and Risk of the Contractor. Unless the contract provides otherwise, the contractor may, at any time after notice of termination and prior to expiration of the plant clearance period, upon written notice to the Inspector of his intentions to do so, store any items of termination inventory, not previously disposed of, on his own premises or elsewhere, unless directed otherwise by the Inspector within ten days from the receipt of such notice. Such storage shall in no way modify the responsibility of the contractor with respect to stored property under the provisions of the contract. The expenses of such storage, including any removal incident thereto, shall be borne by the contractor unless the contracting officer determines that such removal or storage is for the convenience of the Government. The Inspector shall notify the contracting officer promptly upon receipt of the foregoing notice.

c. Storage at the Expense and Risk of the Government

1. At any time expressly designated in the contract, or after expiration of the plant clearance period, the contractor may submit a list to the cognizant Inspector, certified as to quantity and quality, of any or all items of contractor inventory not previously disposed of (exclusive of items for which disposition has been previously directed or authorized), and may request the contracting officer to remove such items or enter into a storage agreement with the contractor covering such items. Not later than 15 working days thereafter, the contracting officer will accept title to such items and either remove them or enter into a storage agreement with the contractor; provided that the list submitted shall be subject to verification by the In-

spector upon removal of the items or, if the items are stored with the contractor, within 45 days from the date of submission thereof, or prior to completion of disposal instructions received. Any necessary adjustment shall be made prior to final settlement.

2. When it is not possible to arrange a storage agreement with the contractor, or removal of the material becomes necessary for any other reason, the contracting officer will be responsible for issuing instructions to the Inspector for its removal and storage.

d. Action by the Inspector for Execution of Storage Agreement or Removal

1. Storage with the Contractor. If the execution of a storage agreement with the contractor at the expense of the Government becomes necessary, the Inspector shall request the contracting officer to execute such an agreement. The request shall contain the following information and data:

- (a) Contractor's request for storage.
- (b) Inventory of property to be stored.
- (c) Amount of storage space required (actual or estimated).
- (d) Period to be covered by the requested storage agreement (actual or estimated).
- (e) Expense of storage (actual or estimated).
- (f) Reason why property was not disposed of in allotted time.

2. Removal for Storage in a Private Facility Other Than Contractor's. If

the contractor will not agree to store the material and removal is necessary, the Inspector shall notify the contracting officer, promptly, and request instructions. Based upon the instructions of the contracting officer to procure storage space, the Inspector shall initiate action to locate storage and incidental services. Upon development of the necessary information, the Inspector shall request the contracting officer to prepare a storage agreement for execution between the contractor (storage facility) and the contracting officer. The request shall contain, but shall not be limited to, the following information:

- (a) Inventory of property to be stored.
- (b) Amount of storage space required (actual or estimated).
- (c) Services which contractor agrees to furnish (packing, unpacking, crating, shipping, etc.).
- (d) Expense of storage and services (per month, year, etc.).
- (e) Period to be covered by agreement (actual or estimated).
- (f) Copies of bids submitted by contractors.
- (g) Any other pertinent information, including appropriate recommendations.

3. Removal for Storage in a Government Facility. After notification by the Inspector that removal is necessary, and after determination by the contracting officer that the material shall be stored in a Government facility, the contracting officer will advise the Inspector and request that action be initiated to locate a facility where suitable storage space is available. Upon development of the necessary information, the Inspector shall request the contracting officer to make any further arrangements necessary, and to furnish shipping instructions. The request shall contain, but shall not be limited to, the following information:

- (a) Inventory of property to be stored.
- (b) Name and location of the Government facility.
- (c) Amount of storage space required (actual or estimated).
- (d) Length of storage period (actual or estimated).
- (e) Services available.
- (f) Any other pertinent information.

4. Upon execution of an agreement, the cognizant Inspector shall administer the storage contract for the contracting officer and in any of the situations outlined above shall comply with applicable instructions regarding redistribution and disposal of the inventory stored.

5. Coordination with Disposal Office. Storage action taken by the Inspector and the contracting officer shall be coordinated with the disposal office, as necessary, to minimize delay and to avoid increased costs in disposal operations.

211202. Removal of Government Property Not Covered By Contract Provisions

a. When shipment of Government property requires dismantling, preservation, preparation for shipment, loading on carriers, or other work incident thereto, and where the applicable contract does not provide for such removal, Inspectors will proceed in accordance with instructions set forth in the BUSANDA Manual, paragraph 22515.

b. The authority of the Inspector to execute Order for Supplies and Services, DD Form 1155, may be assigned to officer personnel without further authorization. Redelelegation of such authority to civilian supervisory personnel shall be accomplished pursuant to the provisions of paragraph 61061.3 of the BUSANDA Manual, except that proposed designations and modification thereto shall be routed to

BUSANDA via the Chief of Naval Material.

c. Order for Supplies and Services, DD Form 1155, shall be distributed as follows:

1. Original to vendor.
2. Advance copy to paying office.
3. Signed copy, with certified invoice, to paying office (upon completion of work).
4. Signed copy to Inspector's file.
5. Copy to cognizant Bureau or Office.
6. Copy to Quality Control Department (for shipment, etc.).

Additional copies may be distributed as required.

d. Prior to issuing an Order for Supplies and Services, DD Form 1155, or a requisition for packing and crating services, Inspectors shall determine whether savings to the Government can be effected by the use of Van Type Vehicles. Criteria and instructions contained in 209113 should be used in making this determination and employing this method of shipment.

PART D. PREPARATION AND PROCESSING OF SUBCONTRACTOR  
INVENTORY SCHEDULES211300. Government Property At Subcon-  
tractor Plants

Unless otherwise specified by the applicable contract, excess Government property in the possession of a subcontractor shall be reported to the contractor who is accountable for such property. The contractor is responsible for listing and reporting such property to his Inspector in the same manner and to the same extent as excess Government property located at his own plant. However, Government property at subcontractor plants shall be listed on separate schedules and the correct location of the property shown thereon. Inventory schedules covering such property shall be processed by the contractor's Inspector pursuant to the provisions of this chapter. Property not transferred as a result of utilization screening and donation procedures shall be reported for final disposition by the Inspector in accordance with the provisions of Paragraph 211401. Normally, excess Government property at a subcontractor's plant should not be shipped to the contractor or to any other location unless directed by proper authority.

211301. Termination Inventory at Sub-  
contractor Plants

a. Preparation of Inventory Schedules. Subcontractors' settlement proposals shall be supported in the same manner as contractors' proposals; i. e., in accordance with the requirements set forth in Paragraph 211101, except that responsibility for assuring that these forms are properly completed rests with the purchaser.

b. Review and Approval. The purchaser is responsible for review and approval of inventory schedules submitted by his subcontractors. Therefore, prior to filing the schedules with his cognizant Inspector for processing, subcontractors will forward the schedules to their purchasers in the quantity required by them. The purchaser will:

1. Review and approve the inventory schedules as to form, following in essence but not necessarily in procedure the provisions of Paragraph 211102.

2. Determine whether he has need for any of the material thereon. If so, he will advise the subcontractor who should withdraw the items from the schedule and reduce the settlement proposal by the entire cost of such material.

3. Review any recommendations for scrap and salvage made by the subcontractor, and, if it is determined that any of the property is serviceable or usable, advise the subcontractor to submit a revised schedule.

4. After completing the action indicated in the preceding subparagraphs, return the schedules to the subcontractor with a specific statement that:

- (a) The schedules have been reviewed and approved subject to any indicated revisions;
- (b) None of the property listed thereon is required by the contractor (or an indication of the items required);
- (c) The schedules should be presented by the subcontractor to his Inspector, together with a copy of the purchaser's statement of approval; or, if applicable,
- (d) The subcontractor's claim will be settled by the purchaser under his delegation of authority. Where a subcontractor's claim, when computed in accordance with ASPR, paragraph 8-101.1, is within the limits of the authorization granted to the particular purchaser to settle without further Navy approval, the contractor will follow his own approved procedures for verification, screening, and disposition. In such cases, the subcontractor will not file his schedules with his cognizant Inspector, with the following exceptions:

- (1) Government property for which the contractor is accountable shall be reported and processed pursuant to Paragraph 211300.
- (2) Schedules listing completed items shall be filed with his

cognizant Inspector, if the total amount of the completed items when added to the amount of the claim (computed in accordance with ASPR, paragraph 8-101.1, exceeds the limits of authorization held by the purchaser.

c. Verification

1. After processing in accordance with paragraphs a. and b., the subcontractor shall file the inventory schedules, corrected to delete all withdrawals, etc., with his cognizant Inspector. These schedules, together with the statement of the purchaser, shall be filed in the quantity stipulated in paragraph 211101.b. Thereupon, they shall be reviewed and approved as to form and verified by the Inspector in the same manner as contractors' inventory schedules; i. e., in accordance with Paragraph 211102 and 211103.

2. Normally, except for the inventory schedules indicated in subparagraphs b. 4. (d)(1) and (2) above, the Inspector will have no function to perform on inventory schedules under claims of \$10,000 or less where the contractor or higher tier subcontractor has been authorized to effect final settlements with his subcontractors without further naval approval. Generally, the purchaser should verify such inventory schedules himself; however, in exceptional cases, where it would be impracticable or uneconomical for him to do so, he may request assistance from his cognizant Inspector. The Inspector shall comply with such requests when, in his judgment, the contractor's explanation appears reasonable. Where the Inspector cognizant of the contractor or subcontractor requesting such assistance is not cognizant of the subcontractor who submitted the inventory schedules, he shall request the Inspector cognizant of the subcontractor to perform the required verification.

d. Screening

1. General. After review by the purchaser, subcontractor inventory schedules shall be screened in the same manner as contractor inventory schedules; i.e., in accordance with Part B of this chapter.

2. Serviceable or Usable. Where the subcontractor has recommended that the material be classified as serviceable or usable, the cognizant Inspector shall initiate the screening action outlined in subparagraph 211104.b or 211107.b, as appropriate.

3. Scrap and Salvage. Where the subcontractor has recommended that termination inventory be disposed of as scrap and salvage, the cognizant Inspector shall review the inventory and if in agreement with such recommendation shall forward the schedules prescribed by 211400, together with his recommendations to the cognizant disposal office without further screening, in accordance with the procedures contained in subparagraph 211104.b.4 and 211107.b.2.

e. Disposition. Disposition of subcontractor termination inventory shall be accomplished in the same manner as the disposition of contractor termination inventory. (See Chapter 12 of this Volume.)

f. Inventory Disposal Report

1. The cognizant disposal office shall furnish the Inspector from whom the inventory schedules were received with a disposal report summarizing the disposal action taken, pursuant to instructions set forth in Paragraph 211505.

2. The Inspector responsible for processing the subcontractor's settlement proposal shall submit a consolidated disposal report to the Inspector cognizant of the purchaser, pursuant to the instructions contained in Paragraph 211505.

## PART E. REFERRAL OF SURPLUS PROPERTY TO DISPOSAL ACTIVITIES

### 211400. Request for Disposal Action

a. Field activities of the Material Inspection Service, USN, shall request authorized disposal offices listed in Table A of this chapter to effect disposition of surplus contractor inventory located in private contractors' plants.

b. Other activities of the Department of the Navy (e.g., offices of Naval Research, Navy Purchasing Offices, etc.) may request authorized disposal offices listed in Table A of this chapter to effect disposition of surplus contractor inventory.

c. Scrap, salvage, and surplus contractor inventory shall be reported to the cognizant disposal office by submission of a Request For Disposal Action, NAVEXOS 4253 (in triplicate). This Request should be accompanied by the number of inventory schedules or DD 1342s forms indicated in Table G of this chapter. Standard Form 120 shall not be submitted to the disposal office.

d. The information furnished by the Inspector (or other activity) submitting NAVEXOS 4253 is of considerable importance to the disposal office in effecting disposition action. Disposal offices do not normally have immediate access to contract files and must depend upon the reporting office for information as to whether the contractor is obligated to use his best efforts to sell or dispose of the property, or whether the proceeds of sale or acquisition of the property shall be credited to the cost of work under the contract.

e. The inventory schedule forms, which the contractor prepares when reporting material that is excess to his requirements, are listed in Paragraph 211101 and are illustrated under Part F of this chapter. The contractor or subcontractor should be notified by his cognizant Inspector whenever schedules of scrap, salvage, or surplus property submitted by him are referred to the cognizant disposal office for disposition. Surplus Property Notification, NAVEXOS 4550/1, shall be used for providing such notification. (See p. 11-55.)

f. The procedures employed by the disposal activities in effecting disposition of surplus property are set forth in Chapter 12 of this Volume.

### 211401. Government Property

Government Property at Subcontractor Plants. Normally, the authority for Government Property to be in the possession of a subcontractor stems from the provisions of a Government contract. Responsibility and accountability for such property remains with the contractor regardless of location of the property. In view of the foregoing, instructions relative to the disposal of such property shall be transmitted through the contractor as indicated below:

1. Procedure. Except as provided in 211103.a, the Request For Disposal Action, NAVEXOS 4253, relating to Government Property located at a subcontractor's plant, shall originate with the Inspector having administrative cognizance of the contract. Concurrently, that Inspector shall request the contractor to (1) notify the subcontractor in possession that the disposal of such property will be accomplished by or under the supervision of the designated disposal office and (2) direct the subcontractor to comply with disposal instructions received from that office. Unless expressly authorized by the Government, such property shall not be shipped by the subcontractor to the contractor, for disposal purposes.

Where screening and disposition are to be accomplished pursuant to 211103.a, the activity requested to initiate such action shall inform the Inspector having administrative cognizance of the contract of any surplus determination in order that the contractor may be requested, by means of NAVEXOS 4550/1, (see page 11-55), to issue appropriate instructions to his supplier.

2. A copy of the contractor's letter to the subcontractor shall be furnished to the contractor's Inspector and to the designated disposal office. Where procedures of 211103.a are used, a copy will also be furnished the Inspector cognizant of the subcontractor in the event that that office is not an authorized disposal activity.

3. Disposal Reports. Where the Inspector cognizant of the subcontractor receives a disposal report covering Government Property, such report shall be transmitted to the Inspector

having administrative cognizance of the contract.

**4. Collection and Application of Disposal Proceeds**

(a) Non-Termination Inventory. It is the policy of the Navy Department to collect payment in full whenever sale, retention or acquisition of non-termination contractor inventory is authorized and effected. Such collections shall be made promptly by the cognizant disposal officer, pursuant to instructions contained in Paragraph 212109 of Chapter 12. The paying office designated in the contract, or the disbursing office, as applicable, shall determine whether such proceeds can be applied to reduce contract costs.

(b) Termination Inventory. Proceeds derived from the disposal of contract termination inventory shall be applied to reduce the amount of the proposed settlement of the contractor or subcontractor, as applicable.

**211402. Right of the Government to Review Inventory Schedules After Disposition**

a. The disposition of contractor inventory as outlined in this chapter and in Chapter 12 of this Volume shall not affect the right of the Government, prior to final settlement, to require additional information thereon, to contest the allocability of such inventory to the contract, or to exclude such inventory from the settlement on any proper grounds. If, prior to final settlement, it is determined by the Government that any portion of the inventory is not allocable to the contract, or should be excluded from the settlement on any grounds, the cost thereof shall be excluded from the settlement and the Government will, at its election:

1. Return such property to the contractor at the latter's expense and risk;
2. Pay or credit to the contractor the fair value of such inventory at the date of its disposition, as determined by the contracting officer; or
3. Pay or credit to the contractor the proceeds realized from the disposition of such inventory.

b. The provisions of this article pertain

to fully performed as well as to terminated contracts. Any adjustment made hereunder shall be included as part of the final settlement.

**211403. Accounting For Contractor Inventory**

a. General Provisions. Prior to final settlement with the contractor, all inventory of the contractor and his subcontractors must be accounted for, by:

1. Transfer to the Government.
2. Retention at full cost or return to suppliers of termination inventory.
3. Donation.
4. Sale (including acquisition and retentions).
5. Destruction or abandonment.
6. Donation in lieu of abandonment to public bodies.
7. Other disposition in accordance with the terms of the contract, or any applicable provision outlined in this chapter. In the event that any inventory not disposed of is lost, destroyed, damaged, or for any reason cannot be delivered by the contractor at the time of settlement, such inventory, unless the Government has expressly assumed the risk involved, or unless the contract provides otherwise, shall be accounted for as inventory retained by the contractor and the fair value thereof shall be deductible from the settlement under the contract. Where disposition of such property would have been effected through sale, the fair value will generally be equivalent to the proceeds contemplated from such sale.

b. Inspector's Inventory Accounting Records and Reports. The Inspector shall retain the basic documents substantiating transfers and other dispositions which he has consummated at the request of a bureau or other screening activity. This data will be used in the preparation of a consolidated Inventory Disposal Report (NAVEXOS 3575) under terminated contracts and under other contracts containing non-termination contractor inventory, and for the preparation of the Report of Disposition of Private Plant Personal Property (NAVEXOS 3123) in accordance with Paragraph 211507.



## PART F. TABLES, CHARTS, AND FORMS

211500. Routing of Inventory Schedules  
for Plant Clearance

a. The routing of inventory schedules for redistribution and disposal action is outlined in the chart, page 11-24. Inventory other than that requiring screening in accordance with this chapter shall be forwarded by the Inspector directly to the cognizant disposal office for disposition.

211501. Inventory Verification Report,  
NAVEXOS 4241

a. The Inventory Verification Report, NAVEXOS 4241 (see page 11-27) shall be prepared in accordance with the requirements of Paragraph 211103. Instructions applicable to the preparation of NAVEXOS 4241 are set forth on the reverse side of the form.

b. Distribution of NAVEXOS 42411. NAVEXOS 4241 covering Termination Inventory applicable to

(a) Terminated Government Contracts shall be distributed as follows:

One copy to military department auditor  
One copy to cognizant disposal agency (when submitting NAVEXOS 4253)  
One copy to contracting officer (when forwarding comments and recommendations)  
One copy retained in the Inspector's files

(b) Terminated subcontracts or purchase orders shall be distributed as follows:

One copy to cognizant disposal agency (when submitting NAVEXOS 4253)  
One copy to Inspector cognizant of purchaser  
One copy to military department auditor, in the event that a request for formal audit is contemplated  
One copy retained in the Inspector's files

2. NAVEXOS 4241 covering Non-Termination Inventory shall be distributed as follows:

One copy to cognizant disposal agency (when submitting NAVEXOS 4253)  
One copy to Property Administrator cognizant of the Government contract  
One copy to the Assistant Property Administrator, in the event the property is located at the subcontractor's plant

Additional copies shall be distributed in accordance with instructions issued by the cognizant management bureau or office.

## 211502. Report of Excess Personal Property, Standard Form 120

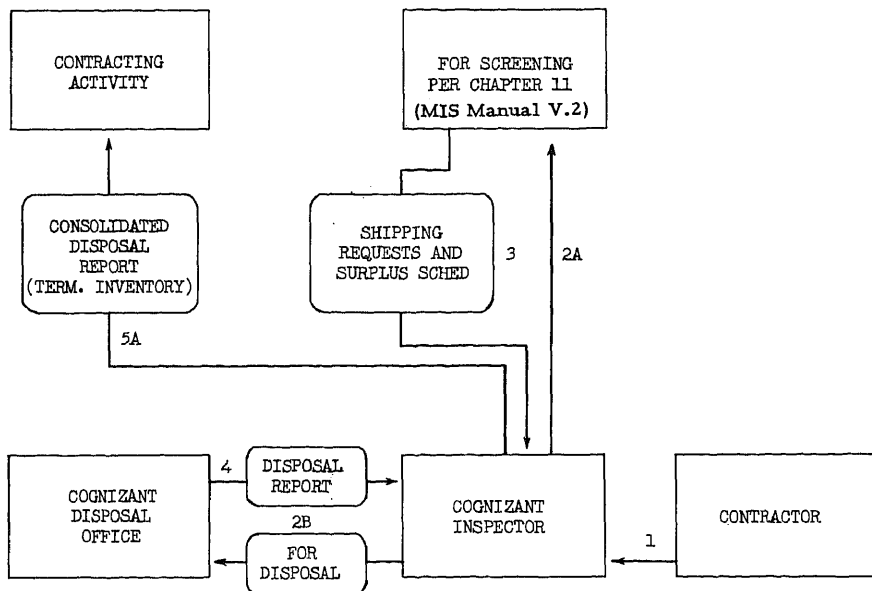
a. A Report of Excess Personal Property, Standard Form 120 (see page 11-29) shall be completed in accordance with the instructions contained in this article and shall be used in accordance with the requirements of paragraph 211105.c.

b. Instructions for Preparation of Standard Form 120. Standard Form 120 shall be prepared by entering the required information, which is self-explanatory except for the following items:

Numbering of Pages: Enter page 1 of 1 on the SF 120. If an SF 120 continuation page is required, enter 1 of 2, etc., as appropriate, on the SF 120. (SF 120 is not considered a page of the inventory schedules attached thereto.)

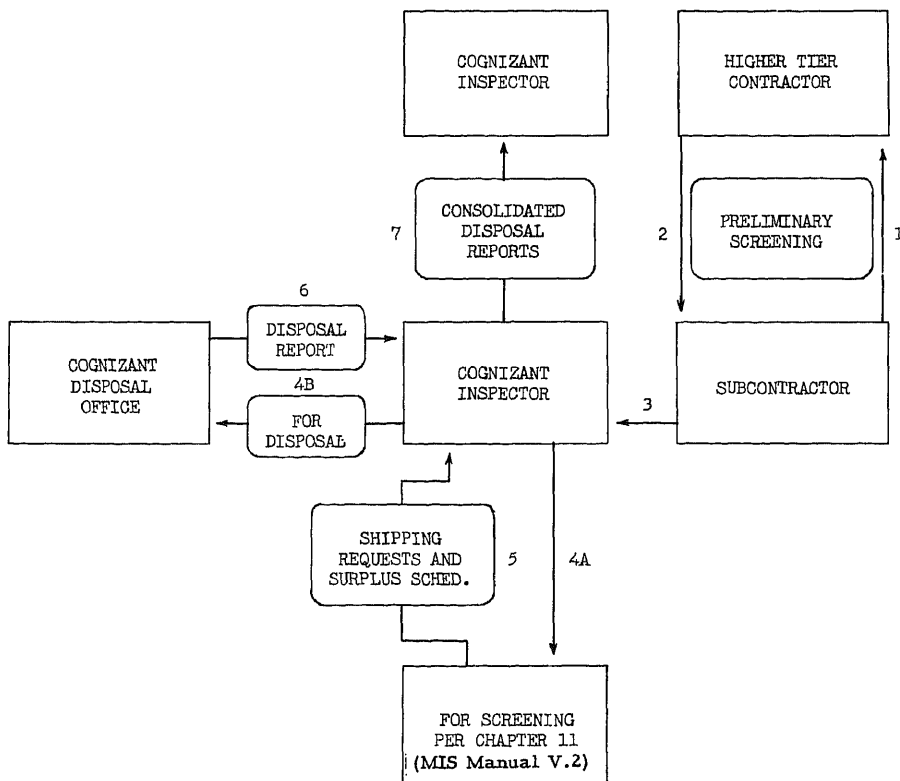
Item 1. Insert the serial number of the report, using the letter-report number-accounting number-fiscal year combination. MIS, USN, field offices shall use the abbreviation "N" (for Navy). The report number will begin with the number one (1) on the first report starting with each fiscal year and shall be numbered consecutively thereafter. The report number shall be followed by the Navy accounting number of the contractor, as shown in the Navy Comptroller Manual, Volume II, Chapter V, which shall be followed by the fiscal year. (Example: N-1-93153-56; N-2-93153-56, etc.) When an accounting number is not listed in the Navy Comptroller Manual, the abbreviated title of the inspection office shall be substituted for the accounting number. Reports which amend previous reports or which effect withdrawal of material will be assigned the number of the previous applicable report, followed by a small letter suffix. (Example N-1a-93153-56, N-2a-93153-56, etc.)

Routing of Inventory Schedules for Plant Clearance

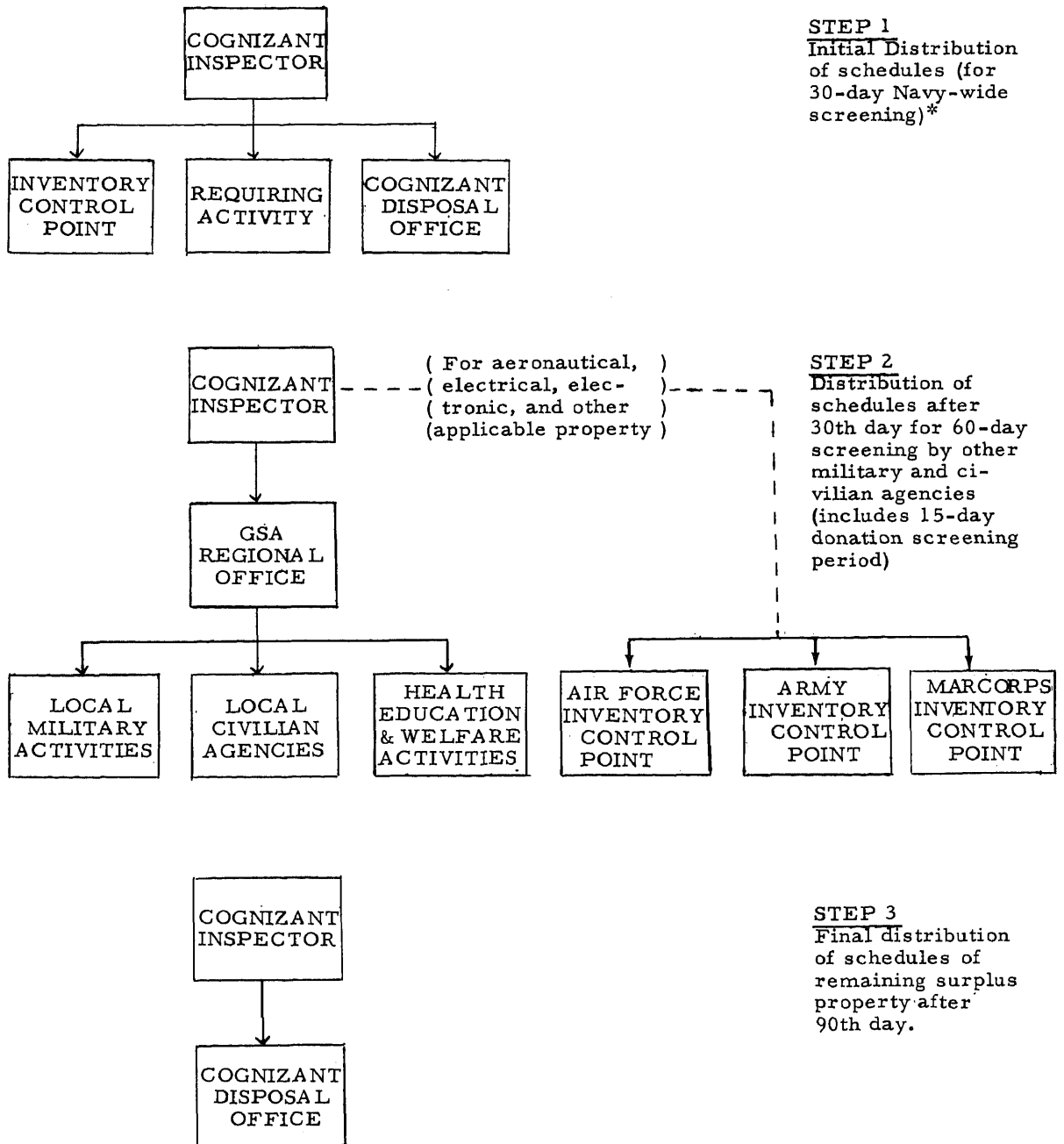


Above: Routing of inventory schedules for disposal action, when originated by contractor.

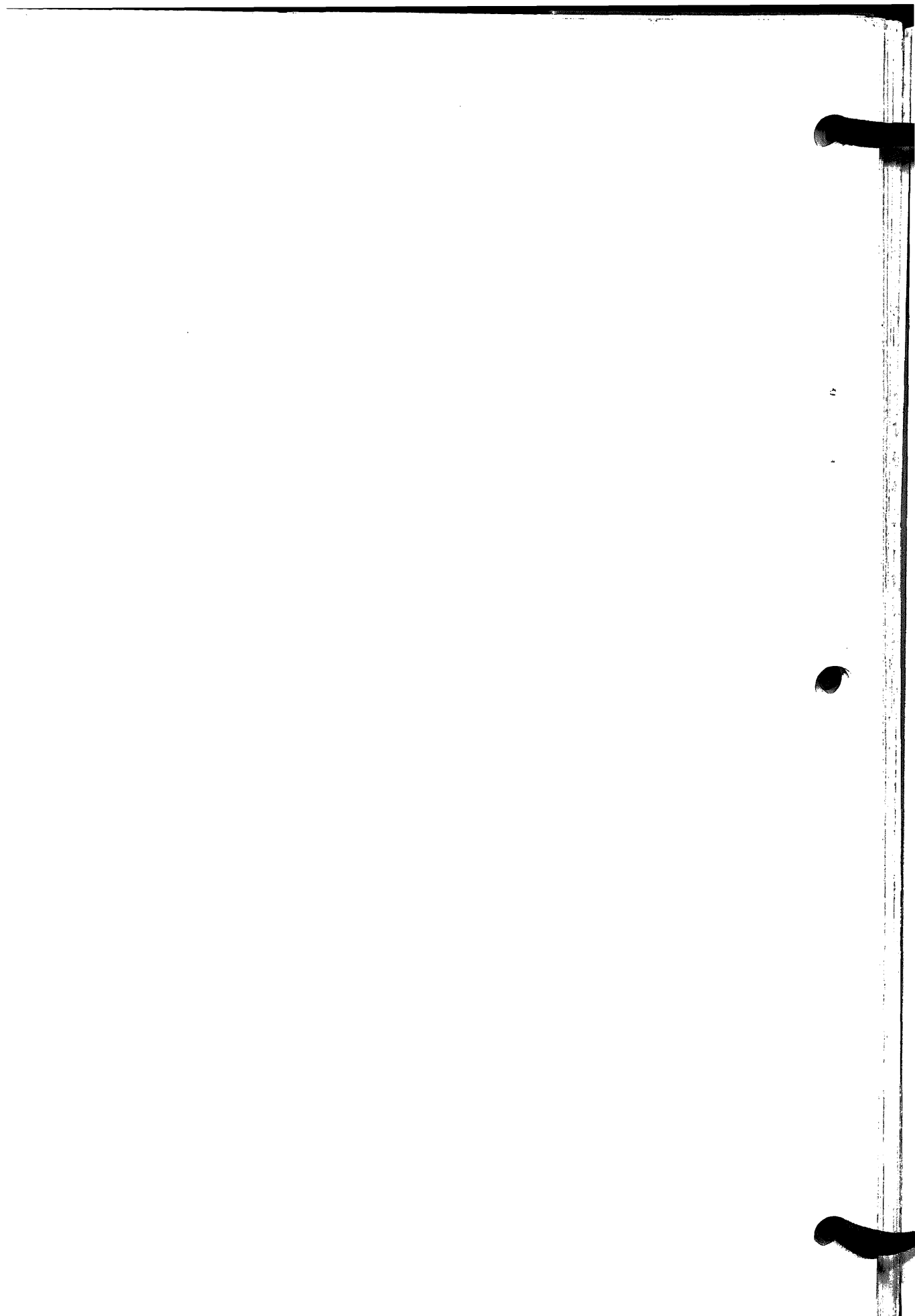
Below: Routing of inventory schedules for disposal action, when originated by subcontractor



Routing of Inventory Schedules by the Cognizant Inspector  
(contractor inventory other than production equipment)



\* Forty-five days shall be allowed for schedules requiring Navy-wide screening only.



Item 4. Check box f to indicate "contractor inventory," and box a, b, c or d, as applicable.

Item 8. Contractor inventory reported for screening shall be clearly indicated as such on the face of the reporting form. Inspectors shall also insert the contract number in this block.

Item 13. This block shall be left blank.

Item 15. Transfer of contractor inventory within the Federal Government or pursuant to donation procedures shall be without exchange of funds or reimbursement.

Item 17. This block will be left blank. However, Inspectors shall show under Item 18, the Deadline for Navy-wide Screening, the ARD, and the date the property will be reported to the disposal office (see Figure 11-2).

Item 18. Inspectors shall include a note in this block to indicate that property listings are to be found on the attached inventory schedules. Inspectors shall include the names of those Navy activities being furnished copies of SF-120 for utilization screening, at the bottom of this block.

#### 211503. Transfers of Contractor Inventory

a. Transfers of Government property and termination inventory to another activity of the Department of Defense or to another Federal agency shall be reported and/or effected on the Invoice/Shipping Document, DD Form 1148, in accordance with instructions contained in Bureau of Supplies and Accounts Manual, Volume II, Chapter 8, paragraph 28704.

b. A series of invoice numbers for numbering DD Form 1148 shall be established by each Inspector.

c. DD Form 1148 is set forth on page 11-30.

#### 211504. Request for Disposal Action, NAVEXOS 4253

a. The Request for Disposal Action, NAVEXOS 4253 (see page 11-31), shall be utilized

by the Inspector when requesting disposal of surplus property pursuant to the provisions of 211400 and 211401.

b. Instructions for preparing NAVEXOS 4253 are contained on the reverse side of the form.

#### 211505. Use and Preparation of Inventory Disposal Report, NAVEXOS 3575

a. Use. The Inventory Disposal Report, NAVEXOS 3575, is used as follows:

1. Use as Inventory Disposal Report. NAVEXOS 3575 is used by the disposal office to report to the cognizant Inspector the disposition of contractor inventory which was referred to the disposal office for final disposition action.

2. Use as consolidated report. NAVEXOS 3575 is used as a final consolidated report by the Inspector in accounting for the redistribution and/or disposal of contractor inventory reported to the Inspector for screening or plant clearance.

b. Preparation. Inventory Disposal Report, NAVEXOS 3575 (ONM Report 4500-5), is prepared by entering the required information thereon. The information required is self-explanatory, except for the following entries:

Item 10a. Indicate report number(s) of Report(s) of Excess Personal Property submitted for utilization screening.

Item 10b. This item to be completed only when used as property disposal report.

Item 12. Place a check mark opposite the type of inventory being reported. In view of the requirements for separate disposal reports for contractor-owned termination inventory and Government-furnished property, only one of these boxes will be checked. Examples of other property are inventory residual to completed cost-reimbursement type contracts, special tooling not applicable to terminated contracts, etc.

Item 15. The amount shown here should represent the acquisition cost of the inventory as reported to the Inspector or disposal officer, depending upon the type of report being submitted.

Item 16a. Enter the amount to be deducted from the gross value of the inventory due to errors in pricing developed by the Inspector, the Government auditor, the disposal officer, etc.

Item 16b. Enter the amount to be deducted from the gross value of the inventory due to inventory shortages developed during verification, plant clearance, etc.

Item 16c. Enter the amount to be deducted from the gross value of the inventory due to the exclusion of unallocable items, the disallowance of common items, etc.

Item 18. Enter the amount to be deducted from the adjusted value of the inventory, due to items withdrawn by the contractor subsequent to the submission of the schedules.

Item 20. Enter the amount possessed by the Department of Defense through shipping instructions, transfer orders, and local redistribution effected by the property disposal agency. Enter dispositions to other Federal agencies on line 25.

Item 21. Enter the amount of the value of the inventory donated to the Department of Health, Education, and Welfare, and/or other eligible donees.

Item 22a. Enter in the value column the amount of the inventory which the contractor or supplier was authorized to acquire at an agreed price. Enter in the disposal credit column the amount of such agreed price.

Item 22b. Check the appropriate box to indicate by whom the sale was conducted. Enter in the value column the amount of the inventory which has been sold to other than the contractor. Enter in the disposal credit column the amount of proceeds realized.

Item 23. Enter the amount of property abandoned or destroyed pursuant to instructions from the authorized Government representative.

Item 25. Enter the value of any other disposition effected, and include an explanation thereof in block 29.

Item 26. The amount shown in the value column must equal the total of line 19.

Item 27. Enter here the total amount of proceeds or credits from disposition of the inventory. The appropriate box should be checked to indicate the application of

such proceeds or credits. In view of current requirements for collection of payment whenever nontermination contractor inventory is sold, retained, or acquired, section (b) of this block 27 shall not be used pending revision of NAVEXOS 3575.

Item 28. The documents required here will be furnished to the Inspector by the property disposal office when reporting the disposition of contract termination inventory only. When NAVEXOS 3575 is used as a consolidated disposal report and submitted to the contracting officer, copies of the documents described herein shall be attached as enclosures thereto. Where no approval actions were required, a statement to this effect shall be made.

c. The Inventory Disposal Report, NAVEXOS 3575, is illustrated on page 11-33.

d. Upon completion of each plant clearance action requested, copies of the Inventory Disposal Report shall be furnished the contracting officer and the contractor. In addition, one copy of the applicable inventory schedule shall also be furnished the contracting officer, unless such schedule was previously furnished the contracting bureau.

#### 211506. Inventory Schedules

Inventory schedules prescribed for reporting and processing excess contractor inventory are illustrated on pages 11-35 through 11-51 and 11-56.

#### 211507. Report of Disposition of Private Plant Personal Property, NAVEXOS 3123 (ONM Report 4500-2)

a. NAVEXOS 3123 (see page 11-53) shall be submitted monthly by each Inspector of the Material Inspection Service, USN, to report all redistribution actions (items 10 through 14) accomplished by the Inspector as a result of screening. However, redistribution within the Navy will be reflected only where a change in bureau cognizance is involved. The instructions on the reverse side of NAVEXOS 3123 shall be followed in completing this form; however, the negative reports referred to in item 1.(b) of these instructions are no longer required to be submitted.

b. NAVEXOS 3123 shall be used by disposal offices in accordance with the requirements set forth in Chapter 12 of this Volume.

INVENTORY VERIFICATION SURVEY  
NAVEXOS-4241 (REV. 7-61)

SUBMIT IN QUADRUPLICATE (SEE REVERSE OF LAST COPY FOR INSTRUCTIONS)

SECTION I	1. FROM _____	2. CONTRACT NO./PURCHASE ORDER NO. _____	3. DATE _____
	4. TO _____	5. CONTRACTOR/SUBCONTRACTOR _____	
	6. SCHEDULES OF INVENTORY TO BE INSPECTED AND VERIFIED:		
	DD 542/542c pages ( ) through ( ) \$ _____	DD 543/543c pages ( ) through ( ) \$ _____	DD 544/544c pages ( ) through ( ) \$ _____
SECTION II	1. IS PROPERTY LISTED ON THE INVENTORY SCHEDULES ON HAND AND IN THE QUANTITIES INDICATED?		YES NO
	A. WERE QUANTITIES CHECKED PURSUANT TO ONMINST 5000.3?		YES NO
	2. IS THE PROPERTY CORRECTLY DESCRIBED ON THE INVENTORY SCHEDULES?		YES NO
	3. IS THE PROPERTY SEGREGATED OR ADEQUATELY TAGGED?		YES NO
SECTION III	1. IS THE PLANT SERVED BY RAIL CARRIER? IF YES, NAME CARRIER: _____		YES NO
	2. HAS THE CONTRACTOR ENDEAVORED TO RETURN THE UNPROCESSED INVENTORY TO SUPPLIERS FOR CREDIT?		YES NO
	3. CAN ALL OR PART OF THE INVENTORY BE DIVERTED TO OTHER WORK OF THE CONTRACTOR?		YES NO
	4. WILL CONTRACTOR MAKE AN OFFER TO PURCHASE ALL OR PART OF THE INVENTORY?		YES NO
SECTION IV	1. DID WORK STOP PROMPTLY UPON RECEIPT OF THE TERMINATION NOTICE? (DATE OF NOTICE) _____		YES NO
	2. ARE COMMON ITEMS (GENERAL SUPPLY ITEMS OR MATERIALS USED BY THE CONTRACTOR FOR COMMERCIAL AND MILITARY CONTRACTS) INCLUDED ON THE INVENTORY SCHEDULES?		YES NO
	3. DO THE QUANTITIES OF MATERIAL EXCEED THE AMOUNTS THAT WOULD HAVE BEEN REQUIRED TO COMPLETE THE TERMINATED PORTION OF THE CONTRACT?		YES NO
	4. ARE ALL ITEMS AND QUANTITIES ALLOCABLE TO THE TERMINATED PORTION OF THIS CONTRACT OR ORDER?		YES NO
COMPLETION OF THIS SECTION (IS) (IS NOT) REQUIRED (CROSS OUT ONE)			
SECTION V	1. DOES THE INVENTORY INCLUDE REJECTS? IF YES, EXPLAIN WHETHER REJECTED ITEMS CAN BE RE-WORKED AND INDICATE ESTIMATED COST OF RE-WORKING.		YES NO
	2. A. HAVE COMPLETED ARTICLES BEEN INSPECTED AS TO QUALITY AND CONFORMANCE TO SPECS?		YES NO
	B. DO THE COMPLETED ITEMS INSPECTED CONFORM TO CONTRACT SPECIFICATIONS?		YES NO
	C. DO OTHER THAN COMPLETED ITEMS CONFORM WITH TECHNICAL REQUIREMENTS OF THE CONTRACT OR ORDER?		YES NO
7. ARE THE PERCENTAGE OF COMPLETION ESTIMATES FOR WORK IN PROCESS ACCURATE? IF NO ESTIMATES SHOWN ON SCHEDULES, INDICATE PERCENTAGE OF COMPLETION OF WORK IN PROCESS: _____ %			
8. REMARKS (WHERE THE ANSWER TO ANY QUESTION IS PLACED IN A BLOCK CONTAINING A DOT ( . ) DETAILED COMMENTS OF THE INSPECTOR SHALL BE INCLUDED)			
9. SIGNATURE _____		10. TITLE _____	
		11. DATE _____	

(See reverse for instructions)

Figure 11-1a. Inventory Verification Survey, NAVEXOS 4241 (Front)

## INVENTORY VERIFICATION SURVEY

NAVEXOS-4241 (REV. 7-61)

### INSTRUCTIONS FOR PREPARATION OF NAVEXOS-4241

#### Section I.

- Item 1-6. The Department requesting inspection and verification will insert the information required in this block, and will indicate under Section IV whether the information therein is required.

#### Section II.

- Item 1. Refer to Article 211103.c of Volume 2, Chapter 11 of ONM Inst. 5000.3 for the minimum acceptable sampling for verification of contractor inventory.
2. An adequate commercial description in addition to manufacturer, and Government identification symbols or numbers are required for all serviceable or usable items.
5. The condition of inventory should be indicated in accordance with the instructions outlined on the applicable inventory schedule form.

#### Section III.

- Item 4. Inspectors will inquire as to the willingness of the contractor in possession of the property to offer to acquire all or part of the inventory for his own use.

#### Section IV. (This Section required to be completed only for termination inventory)

- Item 1. In the event that Termination Compliance Report, Navexos-4228, was previously submitted, this question need not be answered.
7. Completed articles included in the termination claim must be given the same careful inspection as would have been required if the contract had not been terminated. However, where inspection would have been made at destination, completed items shall be inspected at source to prevent unnecessary shipping charges.

#### REMARKS:

- Item 8. Attach separate sheets of paper where additional space is required.

Figure 11-1b. Inventory Verification Survey, NAVEXOS 4241 (Reverse)



120-103-03 STANDARD FORM 120 REV. APRIL 1957 PRESCRIBED BY GSA REG. 1.111.302.00		<b>REPORT OF EXCESS PERSONAL PROPERTY</b>		1. REPORT NO. <b>N-21-91762-62</b>		2. DATE MAILED <b>Dec. 1, 1961</b>		3. TOTAL COST <b>\$62,550</b>	
4. TYPE OF REPORT (Check one only of "a," "b," "c," or "d")		<input checked="" type="checkbox"/> a. ORIGINAL <input type="checkbox"/> b. CORRECTED		<input type="checkbox"/> c. PARTIAL W/D <input type="checkbox"/> d. TOTAL W/D		(Also check "e" and/or "f" if appropriate)		e. OVERSEAS <input checked="" type="checkbox"/> f. CONTRACTORS INV	
5. TO (Name and Address of Agency to which report is made) THRU <b>Chief, Bureau of Naval Weapons (Code FSSC-6) Washington 25, D. C.</b>						6. APPROP. OR FUND TO BE REIMBURSED (If any)			
7. FROM (Name and Address of Reporting Agency) <b>Inspector of Naval Material, Pittsburgh, Pa.</b>						8. REPORT APPROVED BY (Name and Title) <b>R. White, Contract Termination Director (NOW-12345)</b>			
9. FOR FURTHER INFORMATION CONTACT (Title, Address and Telephone No.) <b>R. Smith EX 1-2560 Inventory Processing Supervisor, INSMAT, Pittsburgh</b>						10. AGENCY APPROVAL (If applicable)			
11. SEND PURCHASE ORDERS OR DISPOSAL INSTRUCTIONS TO (Title, Address and Telephone No.) <b>same as block 9</b>						12. GSA CONTROL NO.			
13. FSC GROUP NO.		14. LOCATION OF PROPERTY (If location is to be abandoned give date) <b>Blivet Compressor Corp., Utica, Pa.</b>		15. REIM/REQD YES NO <input type="checkbox"/> <input checked="" type="checkbox"/>		16. AGENCY CONTROL NO.		17. SURPLUS RELEASE DATE	

18. EXCESS PROPERTY LIST					ACQUISITION COST		FAIR VALUE %
ITEM NO. (a)	DESCRIPTION (b)	COND. (c)	UNIT (d)	NUMBER OF UNITS (e)	PER UNIT (f)	TOTAL (g)	
	See attached Inventory Schedule for listing of property:  Schedule DD Form 543..... 23 pgs  AUTOMATIC RELEASE DATES: (a) Deadline for Navy-wide screening is: 31 December 1961  (b) The Automatic Release Date for Military/Civilian screening is: 14 February 1962  (c) Surplus property will be reported to the Disposal Office on: 1 March 1962   Copies submitted to: ESO, Great Lakes (Inventory Control Point) INSMAT, Philadelphia (Disposal Office)						

STANDARD FORM 120 REV.  
APRIL 1957 EDITION

(Use Standard Form 120A for Continuation Sheets)

U. S. GOVERNMENT PRINTING OFFICE: 1961 - 609905

Figure 11-2. Report of Excess Personal Property, STD Form 120

INVOICE/SHIPPING DOCUMENT									
SHIPPING CONTAINER TALLY									
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50									
<div> <div> <div>1. F.O.B.</div> <div>Inspector of Naval Material, Philadelphia, Pa.</div> </div> <div> <div>2. Commander</div> <div>Naval Air Test Center (NANEP) "For Problem 56-7A"</div> <div>U.S. Naval Air Station</div> <div>Patuxent River, Md.</div> </div> </div>									
<div> <div>3. APPROPRIATION SYMBOL AND SUBHEAD</div> <div>OBJECT CLASS</div> <div>EXPENDITURE ACCOUNT (From)</div> </div>									
<div> <div>4. REQUISITION NUMBER OF AUTHORITY</div> <div>52223(873)Ser8739711 Dec 1961</div> </div>									
<div> <div>5. DATE MATERIAL REQUIRED</div> <div>7. VOUCHER NO.</div> <div>8. DATE</div> <div>9. DATE SHIPPED</div> </div>									
<div> <div>6. PRIORITY</div> <div>7 Dec 1961</div> </div>									
<div> <div>10. MODE OF SHIPMENT</div> <div>G&amp;C Trucking Corp</div> </div>									
<div> <div>11. BILL OF LADING NO.</div> <div>N-16009370</div> </div>									
<div> <div>BUREAU CONTROL BUREAU CONTROL NO.</div> <div>ACTIVITY NO.</div> </div>									
<div> <div>12. SHEET TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>13. GRAND TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>16. RECEIVER'S VOUCHER NO.</div> </div>									
<div> <div>14. RECAPITULATION OF SHIPMENT</div> <div>ISSUED BY</div> <div>CHECKED BY</div> <div>PACKED BY</div> </div>									
<div> <div>15. CONTAINERS RECEIVED EXCEPT AS NOTED</div> <div>QUANTITIES RECEIVED EXCEPT AS NOTED</div> </div>									
<div> <div>16. RECEIVED</div> <div>DATE</div> </div>									
<div> <div>17. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>18. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>19. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>20. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>21. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>22. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>23. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>24. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>25. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>26. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>27. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>28. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>29. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>30. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>31. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>32. TOTAL</div> <div>1,174.20</div> </div>									
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<div> <div>34. TOTAL</div> <div>1,174.20</div> </div>									
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<div> <div>37. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>38. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>39. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>40. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>41. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>42. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>43. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>44. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>45. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>46. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>47. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>48. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>49. TOTAL</div> <div>1,174.20</div> </div>									
<div> <div>50. TOTAL</div> <div>1,174.20</div> </div>									

U. S. GOVERNMENT PRINTING OFFICE: 1958 O-7-403508

Figure 11-3. Invoice/Shipping Document, DD Form 1148

Submit in triplicate

REQUEST FOR DISPOSAL ACTION  
NAVEXOS 4253

Disposal office

TO:

FROM:

ENCLOSURES (1)

GROSS VALUE \$ PARTIAL SCHEDULE NO. FINAL PARTIAL SCHEDULE

DISPOSAL CASE NO. APPLICABLE TO PREVIOUS SUBMISSION

Enclosure (1) is forwarded for disposal action in accordance with Article 211400.c of Volume 2, Chapter II of ONM Inst. 5000.3. Pertinent data applicable thereto is indicated below.

1. CONTRACTOR OR SUBCONTRACTOR

☐ CONTRACTOR ☐ SUBCONTRACTOR

2. CONTRACT NO. PURCHASE ORDER NO (S) 3. TYPE OF CONTRACT ☐ FIXED PRICE ☐ COST TYPE 4. PROPERTY OWNERSHIP ☐ GOV'T OWNED ☐ CONTRACTOR OWNED

5. TYPE OF INVENTORY ☐ TERMINATION ☐ RESIDUAL TO COMPLETED CONTRACT ☐ CHANGE ORDER ☐ EXCESS TO ACTIVE CONTRACT 6. SCREENING NOT REQUIRED ☐ SCRAP OR SALVAGE ☐ OTHER

7. INVENTORY SCREENED BY ☐ BUREAU ☐ IMUA ☐ OTHER 8. REPORT NO. OF S. F. 120 9. CREDIT PROCEEDS TO ☐ MISC. RECEIPTS ☐ TERM. CLAIM ☐ CONTRACT

10. DISPOSAL RECOMMENDATION ☐ SERVICEABLE ☐ SALVAGE ☐ SCRAP ☐ ABANDON

11. BASIS FOR SCRAP, ABANDONMENT AND OR SALVAGE RECOMMENDATION

12. CONTRACTOR REPRESENTATIVE TO BE CONTACTED FOR DISPOSITION ADDRESS PHONE NO.

13. CONTRACTOR ACQUISITION

☐ CONTRACTOR'S OFFER IS INDICATED ON SCHEDULE OR ATTACHED HERETO

☐ CONTRACTOR DOES NOT WISH TO MAKE AN ACQUISITION OFFER

☐ CONTRACTOR HAS BEEN REQUESTED TO SUBMIT AN ACQUISITION OFFER TO ADDRESSEE

14. CONTRACTOR IS OBLIGATED BY CONTRACT PROVISION TO SELL

☐ YES ☐ NO

15. SIGNATURE TITLE DATE

FIRST ENDORSEMENT DATE

FROM Disposal office

TO

1. Disposition will be accomplished under case number

2. It is requested that all correspondence with this office pertaining to enclosure (1) make reference to the assigned case number.

By direction

Figure 11-4a. Request for Disposal Action, NAVEXOS 4253 (Front)

REQUEST FOR DISPOSAL ACTION  
NAVEXOS 4253

INSTRUCTION FOR PREPARING NAVEXOS 4253

**Enclosure Block.** In addition to identifying schedules transmitted for disposal action, indicate total acquisition cost of all items of inventory listed on schedules included in request. In computing the gross value of inventory in cases which involve customer-furnished material, whether contractor or Government-owned, the direct material cost should be included to provide a realistic acquisition cost. In the case of Government-furnished material acquisition cost may be estimated if actual costs are not available. In the case of termination inventory of special tooling, the gross value should be the acquisition cost of the tooling rather than the portion of the cost thereof applicable to the terminated portion of the contract.

Where termination inventory is involved, and the request covers a portion of the inventory only, either because the inventory includes property in more than one category for screening and disposal purposes, or because the contractor has elected to file partial schedules, the partial schedule should be identified by number or as the final partial schedule.

Where a prior request for disposal of a partial termination inventory schedule has been submitted, the property disposal case number assigned thereto should be indicated.

**Item 1.**—Insert name of contractor who submitted the inventory schedule, and indicate whether a contractor or subcontractor.

**Item 2.**—Insert contract number. If subcontractor inventory is involved, insert, in addition, applicable purchase order number(s).

**Item 3.**—Check whether fixed-price or cost-plus fixed-fee contract.

**Item 4.**—Check to indicate whether property is Government or contractor-owned. It should be borne in mind that tender of title does not alter ownership. Contractor-acquired property under fixed-price contracts to which the Government has acquired a lien as the result of progress payments should not be classed as Government property. An inventory schedule certificate executed by the contractor should accompany each schedule or set of schedules.

**Item 5.**—Check to indicate whether termination or change order inventory is involved, or whether the property is residual to a completed or active contract. Reference to termination inventory includes terminations for convenience of the Government only. In cases which involve Government property residual to termination for default, the word "default" should be inserted above. Change order inventory is property rendered excess or obsolete as the result of contract modification.

**Item 6.**—If "nonreportable" property which does not require prior screening to establish it as surplus is involved, check to indicate basis for designation of category. If neither scrap nor salvage material, indicate under "Other" whether perishable or dangerous property is involved.

**Item 7.**—If "nonreportable" property requiring bureau screening only is involved check to indicate that bureau screening has been completed. If "reportable" property is involved check to indicate that screening by bureau and Interservice Material Utilization Agency has been completed. Indicate under "Other" where property has been screened by other activities.

**Item 8.**—Indicate the Report Number shown on GSA Form 120 which was used in effecting screening action.

**Item 9.**—Check to indicate appropriate method of crediting proceeds resulting from disposition. Normally, all proceeds realized from the disposition of termination inventory are applied in reduction of the termination claim. Proceeds realized from the disposition of non-termination inventory are credited either to a miscellaneous receipt account or to the applicable contract. In cases where the provisions of the applicable contract so authorize proceeds should be credited to the contract. In the absence of specific contract authorization, or in the event final payment under a completed contract has been made prior to referral of the inventory for disposal action, proceeds should be credited to miscellaneous receipts. The reporting activity is responsible for insuring that all disposal credits reflected in the inventory disposal report, with the exception of proceeds paid to the Government as miscellaneous receipts, are properly applied.

**Item 10.**—Check to indicate whether disposition as serviceable, salvage, scrap or through abandonment is recommended.

**Item 11.**—In the event of a scrap, salvage or abandonment recommendation, a brief statement should be included indicating factors which were considered and on which recommendation is based. In the event scrapping is recommended, approximate weights by scrap classifications should be indicated on the schedule and the contractor's scrap offer obtained, if possible.

**Item 12.**—Indicate name of contractor's representative who is familiar with the property being reported, and include address and phone number.

**Item 13.**—Check to indicate whether the contractor has included an offer for the inventory or does not desire to submit an acquisition offer. If the contractor's offer is not noted on the inventory schedule, but has been submitted by separate correspondence, a copy thereof should be attached to the schedule. In all cases where the inventory schedule does not contain an acquisition offer, the contractor should be contacted to determine whether an offer will be submitted. If this determination cannot be made by telephone contact, submission of the inventory should not be delayed, but the contractor should be requested to forward his acquisition offer to the cognizant disposal office, and Request Form marked accordingly. Special effort shall be made to secure an acquisition offer where small quantities of scrap are involved.

**Item 14.**—Check to indicate whether contractor is required by provisions of the contract to conduct a sale of the property. If termination inventory is involved the termination for convenience clause provides that the contractor shall use its best efforts to sell the property. If nondetermination inventory is involved the provisions of the applicable contract will determine whether the contractor is obligated to sell the property if directed to do so.

Use additional sheet(s) for remarks if necessary.

Notification of the case number assigned will be furnished the reporting office through execution of the first endorsement by the disposal activity.

Figure 11-4b Request for Disposal Action, NAVEXOS 4253 (Reverse)

INVENTORY DISPOSAL REPORT NAVEXOS-3575 (4-58)		SPECIMEN <small>For instructions see Chapter 11 Vol. 2 ONM INST 5000.3</small>		REPORT EXOS-4500.5
1. FROM <b>Inspector of Naval Material, Boston</b>		2. DATE <b>Dec 1, 1961</b>		
3. TO <b>Bureau of Naval Weapons Representative, East Hartford, Conn.</b>		4. TYPE REPORT <input type="checkbox"/> FINAL <input type="checkbox"/> CONSOLIDATED <input checked="" type="checkbox"/> PROPERTY DISPOSAL		
5. CONTRACTOR OR SUBCONTRACTOR (Name, City, State) <b>General Aircraft Corp, East Hartford, Conn.</b>		6. IF SUBCONTRACTOR SHOW PURCHASER (Name, City, State)		
7. CONTRACT NO. <b>NOw-12345</b>	8. PURCHASE ORDER NO.	9. CONTRACTOR'S REF. NO. <b>CT-221</b>	10. (a) EXCESS REPORT NO. (b) DISPOSAL CASE NO. <b>BOS-331</b>	
11. TYPE OF CONTRACT <input checked="" type="checkbox"/> FIXED PRICE <input type="checkbox"/> COST REIMBURSEMENT		12. TYPE OF INVENTORY <input checked="" type="checkbox"/> TERMINATION <input type="checkbox"/> GOV'T FURNISHED <input type="checkbox"/> CHANGE ORDER <input type="checkbox"/> OTHER (Specify)		
13. LOCATION OF MATERIAL (If different from item 5)		14. SCHEDULE NO. NO. OF PAGES <b>101</b> <b>DD543,544,545</b>		
DISPOSITION OF PROPERTY				
15. GROSS VALUE OF INVENTORY (As submitted)		VALUE (\$)		DISPOSAL CR (OR PROCEEDS) \$
		<b>122,334</b>		
16. ADJUSTMENTS	a. PRICING ERRORS	<b>1,206</b>		
	b. SHORTAGES	<b>6,122</b>		
	c. OTHER (See line 29)			
	d. TOTAL ADJUSTMENTS (a, b, and c)	<b>7,328</b>		
17. ADJUSTED VALUE OF INVENTORY (Line 15 less 16d)		<b>115,006</b>		
18. WITHDRAWALS (At cost)		<b>7,352</b>		
19. NET INVENTORY AVAILABLE FOR DISPOSITION		<b>107,654</b>		
20. POSSESSED BY DEPT OF DEFENSE		<b>31,550</b>		
21. DONATIONS		<b>27,004</b>		
22. SALES	a. SOLD TO CONTRACTOR OR SUBCONTRACTOR			
	b. SOLD TO OTHERS BY <input checked="" type="checkbox"/> CONTRACTOR SALE <input type="checkbox"/> GOV'T SALE	<b>49,100</b>		<b>7,805</b>
	c. TOTAL SALES (a and b)	<b>49,100</b>		<b>7,805</b>
23. ABANDONED OR DESTROYED		<b>0</b>		
24. STORED BY CONTRACTOR OR SUBCONTRACTOR		<b>0</b>		
25. OTHER (See line 29)		<b>0</b>		<b>0</b>
26. TOTAL DISPOSITIONS (Line 20-25)		<b>107,654</b>		<b>7,805</b>
DISPOSAL CREDITS OR PROCEEDS				
27. <input type="checkbox"/> CREDITS <input type="checkbox"/> PROCEEDS OF \$ <b>7,805*</b>				
(a) <input checked="" type="checkbox"/> SHOULD BE DEDUCTED FROM THE TERMINATION SETTLEMENT PROPOSAL				
(b) <input type="checkbox"/> SHOULD BE CREDITED ON CONTRACTOR'S NEXT INVOICE OR VOUCHER UNDER THIS CONTRACT <input type="checkbox"/> CONTRACTOR WILL MAKE PAYMENT BY CHECK DIRECTLY TO PAYING OFFICE				
(c) <input type="checkbox"/> HAVE BEEN SENT TO DISBURSING OFFICE FOR DEPOSIT TO U.S. TREASURY				
28. ACTIONS REPORTED HEREIN WHICH REQUIRED APPROVAL OF A PROPERTY DISPOSAL REVIEW BOARD THE OFFICE OF NAVAL MATERIAL, OR THE U.S. ATTORNEY GENERAL, HAVE BEEN APPROVED AS EVIDENCED BY THE FOLLOWING ENCLOSURES HERETO:				
(1)				
(2)				
(3)				
29. REMARKS				
* (item 27) also note adjustment of settlement proposal required by retention (withdrawals) amounting to \$7,352.				
I certify that to the best of my knowledge, disposition of the above property has been effected in accordance with existing regulations and that all applicable disposal credits and proceeds are indicated above.				
				<b>O. Randolph, Property Disposal Supervisor</b> <small>SIGNATURE AND TITLE</small>

Figure 11-5. Inventory Disposal Report, NAVEXOS 3575



DEPARTMENT OF DEFENSE										DATE 1 Dec 1961		Form approved Budget Bureau No. 22-8074.					
INVENTORY SCHEDULE A (METALS IN MILL PRODUCT FORM)										PROPERTY CLASSIFICATION (See instruction on reverse) Tubing		PAGE NO. NO. OF PAGES 1 65					
<input checked="" type="checkbox"/> TERMINATION <input type="checkbox"/> NONTERMINATION										COMPANY Trent Manufacturing Co.							
THIS SCHEDULE APPLIES TO (Check one) <input checked="" type="checkbox"/> A. PRIME CONTRACT WITH THE GOVERNMENT <input type="checkbox"/> SUBCONTRACT(S) OR PURCHASE ORDER(S)										STREET ADDRESS 400 Park Ave							
CONTRACTOR WHO SENT NOTICE OF TERMINATION										CITY AND STATE New York, N. Y.							
PRODUCT COVERED BY CONTRACT OR ORDER Radar Sets "A" and "B"										LOCATION OF MATERIAL 400 Park Ave, N. Y. C.							
GOVERNMENT PRIME CONTRACT NO. NObs-12345					SUBCONTRACT OR P. O. NO.					REFERENCE NO. 712							
FOR USE OF CON- TRACTING AGENCY ONLY	ITEM NO.	FORM, SHAPE, ROLLING (Where applicable, type of edge. Example: HR coiled strip, CR flat sheet, hex rod, tubing in straight lengths, etc.; still edge, rounded edge, etc.)	HEAT TREATMENT, TEMPER, HARDNESS, FINISH, ETC. (Example: Annealed and pickled, 1/2 hard, polished, etc.)	SPECIFICATIONS, AND ALLOY OR OTHER MAN- UFACTURING THE SPECIFICATION (Example: 00-7-951-D 816-42 Alloy 7 Grade B)	THICKNESS (For flat products, thickness for pipe, type for copper water tube)			DIMENSIONS		LENGTH (L5)	CONDITION (Use code)	QUANTITY UNIT OF MEASURE	COST		CONTRACTOR'S OFFER OR PROCEEDS OF SALE	FOR USE OF CON- TRACTING AGENCY ONLY	
					(B3)	(B4)	(B5)	FEET	INCHES				UNIT	TOTAL			
	1	Tubing, St. hd Polished		XPDQ 96 Alloy 7, cl A	.05"	2.5"OD Inside Polished 2.398" 2.402"		random				N1	600	feet	12.50	7500.00	

**INVENTORY SCHEDULE CERTIFICATE**

The undersigned, individually and as an authorized representative of the Contractor, certifies that he has examined this Inventory Schedule, page numbers 1 to 65 inclusive, dated 2/1/61, and that in the exercise of his best judgment and to the best of his knowledge, based upon information believed by him to be reliable, said Schedule has been prepared in accordance with applicable instructions; that the inventory described therein is allocable to the designated contract and is located at the places specified; if the property reported therein is termination inventory, that the quantities are not in excess of the reasonable quantitative requirements of the terminated portion of the contract; that said Schedule does not include any items reasonably usable, without loss to the Contractor, on its other work; that the costs shown on such Schedules are in accordance with the Contractor's books of account; and that the prices shown in column 9, representing the proceeds of authorized sale of the items covered thereby, are fair and reasonable.

The Contractor agrees to inform the Contracting Officer of any substantial change in the status of the inventory shown in this Schedule between the date hereof and the final disposition of such inventory. Subject to any authorized prior disposition, title to the inventory listed in this Schedule is hereby transferred to the Government and is warranted to be free and clear of all items and encumbrances.

NAME OF CONTRACTOR Trent Manufacturing Co	BY (Signature of Authorized Official) R. Paine	TITLE President	DATE 1 Dec 1961
NAME OF SUPERVISORY ACCOUNTING OFFICIAL T. Able			

INSTRUCTIONS FOR USE - INVENTORY SCHEDULE A  
METALS IN MILL PRODUCT FORM  
DD FORM 542

A. CLASSIFICATION.

a. List metals in raw or primary form as furnished by the mill and on which there has been no subsequent fabricating operation. Do not include castings and forgings, which are to be listed on DD Form 543. Use a new form, with continuation sheets if necessary, for each type of metal, and write the name of the metal or alloy in the "Property Classification" block provided in the upper right hand corner of the form. Examples are:

Alloy Steel	Copper	Aluminum
Carbon Steel	Free Cutting Brass	Silver
Stainless Steel	Manganese Bronze	Tin

b. In addition, on the sheets for any such metal, list like forms of the metal or alloy together in sequence. For example, on the sheet or sheets used to list Carbon Steel, group together all the strip, then follow with the sheets, then the bar stock, etc.

B. DESCRIPTION (Column b). - Full commercial description and weight is required for all items.

C. CONDITION (Column c). - For purpose of indicating condition of material, the code indicated below should be used. It requires the combination of a letter and a number in each instance (as E4 or N2). Use the letter "X", without a number, for material considered to have no further value for use as originally intended, but of possible salvage value other than as scrap. If considered scrap, insert an "S".

CODE: N - NEW	1 - Excellent
E - Used - reconditioned	2 - Good
O - Used - usable without repairs	3 - Fair
R - Used - repairs required	4 - Poor

D. COST (Columns e and f) - Any generally recognized basis for costing inventory may be used, provided it has been regularly used by the contractor and properly reflects his costs.

E. COMMON ITEMS. - Any items of inventory reasonably usable, without loss to the contractor on its other work, because they are materials, parts, or components, common in nature to both the terminated contract and other work of the contractor, are not to be listed except for items the delivery of which has been required by the Government and except for Government furnished property. (See Inventory Schedule Certificate).

F. PROCEEDS OF AUTHORIZED SALE (Column g). - Insert the letter "A" after the amount if the sale (or credit for acquisition) has been authorized or approved by the contracting officer or customer. Insert the letter "C" if the amount represents your offer to acquire or sell. In either case, quantity should also be shown. (on a second line) if less than the full quantity shown in Column d.

G. GOVERNMENT-OWNED PROPERTY. -

a. Government-furnished property should be listed on separate sheets, marked to show that the items are Government-furnished.

b. Where title to materials purchased by the contractor is vested in the Government, such materials should be listed and cost data supplied.

H. MISCELLANEOUS.

a. This form may be reproduced provided no change in format or size is made.

b. Separate Schedules. - If the space provided for any information called for is insufficient, attach separate supporting schedules.

c. Continuation Sheets. - Use DD Form 542-c whenever more than one page is required.

d. Number of copies. - The number of sets of inventory schedules required will be indicated by the contracting officer or the customer from whom the notice of termination is received.

Figure 11-6b. Inventory Schedule A, DD Form 542 (Reverse)



INVENTORY SCHEDULE A - CONTINUATION SHEET (METALS IN MILL PRODUCT FORM) <b>SPECIMEN</b>										Form Approved Budget Bureau No. 22-8074		
GOVERNMENT PRIME CONTRACT NO. SUBCONTRACT OR P.O. NO.		REFERENCE NO.	PROPERTY CLASSIFICATION (See Instructions on DD 542)			DATE	PAGE NO.		NO. OF PAGES			
NObs-12345		712	Stainless Steel			Dec 1, 1961	3		65			
<div style="display: flex; justify-content: space-between;"> <span> <input checked="" type="checkbox"/> TERMINATION  <input type="checkbox"/> NON-TERMINATION                 </span> </div>												
ITEM NO.	FORM, SHAPE, ROLLING TREATMENT	SPECIFICATIONS, & ALLOW OR OTHER MATERIALS, FINISH, ETC.			DIMENSIONS		QUANTITY (Use code)	UNIT OF MEASURE	COST		CONTRACTOR'S PRICE OR PROCEEDS OF SALE	FOR USE OF CONTRACTING AGENCY ONLY
		b1	b2	b3	b4	LENGTH			INCHES	UNIT		
9.	Rod per Spec. 174PH 61 pcs.	Annealed		3/8" Dia.			N-1	732	ft.	.249/ft.	182.27	
10.	Wire per Spec. 6359-1 1 roll			.050			N-1	800	ft.	.012/ft.	9.60	
11.	Bar per Spec. 4562-1 8 pcs.			1/4"	1"		N-1	95	ft.	.485/ft.	46.08	
12.	Bar per Spec. 303CDA 9 pcs.			1"	1"		N-1	96	ft.	2.15/ft.	206.40	
13.	Bar per Spec. 304CDA 1 pc.			1/2"	1"		N-1	15	ft.	1.22/ft.	18.30	
14.	Bar per Spec. 6478-1			.125"	.375"		N-1	120	ft.	.1245/ft.	14.94	
15.	Bar per Spec. 6478-1 14 pcs.						N-1	163	ft.	1.716/ft.	279.71	
16.	Bar per Spec. 6478-1 1 pc.			1-7/8 Dia.			N-1	3	ft.	4.00/ft.	12.00	
17.	Bar per Spec. 6478-4			1/2" Dia.	11	6	N-1	11 1/2	ft.	.036/ft.	4.97	
<b>SPECIMEN</b>												

INVENTORY SCHEDULE B				DEPARTMENT OF DEFENSE		DATE		Form approved. Budget Bureau No. 22-8075.	
TERMINATION				NONTERMINATION		Dec 1, 1961		PAGE NO. NUMBER OF PAGES	
<input type="checkbox"/> Raw Materials <input type="checkbox"/> (Other than metals) <input checked="" type="checkbox"/> Purchased Parts <input type="checkbox"/> THIS SCHEDULE APPLIES TO (Check one)				<input type="checkbox"/> Finished Components <input type="checkbox"/> Finished Product <input type="checkbox"/> MISCELLANEOUS		Wire		11 65	
CONTRACTOR WHO SENT NOTICE OF TERMINATION				SUBCONTRACT OR P. O. NO.		REFERENCE NO.		PROPERTY CLASSIFICATION (See instruction on reverse)	
NAME				712		712		Wire	
ADDRESS				SUBCONTRACT OR P. O. NO.		REFERENCE NO.		Trent Manufacturing Co	
STREET ADDRESS				400 Park Ave		New York, N. Y.		400 Park Ave, N. Y. C.	
CITY AND STATE				400 Park Ave		New York, N. Y.		400 Park Ave, N. Y. C.	
LOCATION OF MATERIAL				400 Park Ave		New York, N. Y.		400 Park Ave, N. Y. C.	
PRODUCT COVERED BY CONTRACT OR ORDER				712		712		400 Park Ave, N. Y. C.	
Radar Sets "A" and "B"				712		712		400 Park Ave, N. Y. C.	
GOVERNMENT PRIME CONTRACT NO.				712		712		400 Park Ave, N. Y. C.	
NObs-12345				712		712		400 Park Ave, N. Y. C.	
FOR USE OF CONTRACTING AGENCY ONLY	ITEM NO.	DESCRIPTION	GOVERNMENT PART OR DRAWING NUMBER AND REV. NUMBER	TYPE OF PACKING (Bulk, bbls, crates, etc.)	QUANTITY	UNIT OF MEASURE	COST (For finished product, show contract price instead of cost)	CONTRACTOR'S OFFER OR PROCEEDS OF SALE	FOR USE OF CONTRACTING AGENCY ONLY
	161	456870-26 Wire-green-22 gauge braid covered (Shielded) Wire	covered	Box	N-2 73159	ft.	.0574 4199.33		
	162	466870-44 Wire-hook-up 22 gauge 27 strands .075		Box	N-2 90175	ft.	.0589 5311.31		
	163	467980-28 Wire hook-up red 22 gauge 27 strands		Box	N-2 48810	ft.	.1173 5725.41		
	164	467980-30 Wire hook-up green 22 gauge 27 strands		Box	N-2 101463	ft.	.1173 11901.61		
	165	467980-31 Wire hook-up blue 22 gauge 27 strands		Box	N-2 92700	ft.	.1173 10873.71		

**INVENTORY SCHEDULE CERTIFICATE**

The undersigned, individually and as an authorized representative of the Contractor, certifies that he has examined this Inventory Schedule, page numbers to inclusive, dated and that in the exercise of his best judgment and to the best of his knowledge, based upon information believed by him to be reliable, said Schedule has been prepared in accordance with applicable instructions; that the inventory described herein is allocable to the designated contract and is located at the places specified; if the property reported therein is termination inventory, that the quantities are not in excess of the reasonable quantitative requirements of the terminated portion of the contract; that said Schedule does not include any items reasonably usable, without loss to the Contractor, on its other work; that the costs shown on such Schedules are in accordance with the Contractor's books of account; and that the prices shown in column g, representing the proceeds of authorized sale of the items covered thereby, are fair and reasonable.

The Contractor agrees to inform the Contracting Officer of any substantial change in the status of the inventory shown in this Schedule between the date hereof and the final disposition of such inventory. Subject to any authorized prior disposition, title to the inventory listed in this Schedule is hereby tendered to the Government and is warranted to be free and clear of all liens and encumbrances.

BY (Signature of Authorized Official)	DATE
NAME OF CONTRACTOR	TITLE
NAME OF SUPERVISORY ACCOUNTING OFFICIAL	TITLE

Figure 11-8a. Inventory Schedule B, DD 543 (Front)

DD FORM 543 EDITION OF 1 JUL 51, IS OBSOLETE.

INSTRUCTIONS FOR USE - INVENTORY SCHEDULE B  
RAW MATERIALS - PURCHASED PARTS - FINISHED COMPONENTS - FINISHED PRODUCTS - MISCELLANEOUS  
DD FORM 543

A. CLASSIFICATION. - 1. The term "Raw Materials" is here used to include materials in primary form. Examples of the many different general classifications of raw materials (*other than metals*) include:

Chemical	Textiles	Shoe cut stock
Pulp and paper	Kapok	Cement
Paper board	Hair	Cork
Plastics ( <i>primary forms</i> )	Lumber	Cotton
Oils, fats, and waxes	Hides and skins	Wool
Rubber	Leather	Glass

2. Examples of some of the large number of general classifications of parts, components, finished products, or miscellaneous includes:

Engines and turbines	Conveyors	Surgical Instruments
Compressors and pumps	Fans and blowers	Electric Motors
Insulated wire and cable	Bearings	Drugs
Nuts and bolts	Valves	Ignition Equipment

3. Items having no commercial value may be placed in a single classification designated "No Commercial Value". For items deemed to have commercial value, use a new form for each classification. Insert the name of the classification in the designated block at the upper right-hand corner of the inventory form and arrange the items falling under that classification in sequence under separate sub-headings. For example, on the sheet or sheets used to list Chemicals, group separately all Acids, all Alkalis, all Resins, etc. Under the general classification of Insulated Wire and Cable, group separately all Asbestos-Insulated Copper Wire, all Rubber-Insulated Copper Wire, all Magnet Wire, etc. On the sheets for Drugs, group separately all Antitoxins, all Vaccines, all Strychnine Derivatives, all Morphine Derivatives, etc.

B. DESCRIPTION (*Column b*). - A full commercial description is required for all items which have commercial value. For other items, furnish only such description as is sufficient to enable the contracting officer or the customer to determine the appropriate disposition. Where there is doubt as to the extent of the description required, consult the contracting officer or the customer.

C. CONDITION (*Column c*). - For purpose of indicating condition of material, the code indicated below should be used. It requires the combination of a letter and a number in each instance (*as E4 or N2*). Use the letter "X" without a number, for material considered to have no further value for use as originally intended, but of possible salvage value other than as scrap. If considered

scrap, insert an "S".

CODE: N - New	1 - Excellent
E - Used - reconditioned	2 - Good
O - Used - usable without repairs	3 - Fair
R - Used - repairs required	4 - Poor

D. COST (*Columns e and f*). - Any generally recognized basis for costing inventory may be used, provided it has been regularly used by the contractor and properly reflects his costs.

E. COMMON ITEMS - Any items of inventory reasonably usable, without loss to the contractor on its other work, because they are materials, parts, or components, common in nature to both the terminated contract and other work of the contractor, are not to be listed except for items the delivery of which has been required by the Government and except for Government-furnished property. (*See Inventory Schedule Certificate*).

F. PROCEEDS OF AUTHORIZED SALE (*Column g*). - Insert the letter "A" after the amount if the sale (*or credit for acquisition*) has been authorized or approved by the contracting officer or customer. Insert the letter "C" if the amount represents your offer to acquire or sell. In either case, quantity should also be shown (*on a second line*) if less than the full quantity shown in Column d.

G. GOVERNMENT-OWNED PROPERTY. -

a. Government-furnished property should be listed on separate sheets, marked to show that the items are Government-furnished.

b. Where title to materials purchased by the contractor is vested in the Government, such materials should be listed and cost data supplied.

H. MISCELLANEOUS. -

a. This form may be reproduced provided no change in format or size is made.

b. Separate Schedules. - If the space provided for any information called for is insufficient, attach separate supporting schedules.

c. Continuation Sheets. - Use DD Form 543-c whenever more than one page is required.

d. Number of copies. - The number of sets of inventory schedules required will be indicated by the contracting officer or the customer from whom the notice of termination is received.

Figure 11-8b. Inventory Schedule B, DD 543 (Reverse)

INVENTORY SCHEDULE B—CONTINUATION SHEET										Form approved. Budget Bureau No. 22-8075.		
<input type="checkbox"/> RAW MATERIALS (Other than Metals) <input type="checkbox"/> PURCHASED PARTS <input checked="" type="checkbox"/> FINISHED COMPONENTS <input checked="" type="checkbox"/> TERMINATION <input type="checkbox"/> NON-TERMINATION GOVERNMENT PRIME CONTRACT NO. <b>NObs-12345</b> SUBCONTRACT OR P. O. NO. <b>712</b> REFERENCE NO. <b>712</b> PROPERTY CLASSIFICATION (See instruction on DD 543) <b>Molded Units</b> DATE <b>Dec 1, 1961</b> PAGE NO. <b>17</b> NO. OF PAGES <b>65</b>												
FOR USE OF CONTRACTING AGENCY ONLY	ITEM NO.	ITEM (b)	DESCRIPTION	GOVERNMENT PART OR DRAWING NUMBER AND REV. NUMBER (b1)	TYPE OF PACKING (Bulk, bbl, crates, etc.) (b2)	CONDITION (See instruction on DD 543) (c)	QUANTITY (d)	UNIT OF MEASURE (d1)	COST (For finished product, show contract price instead of cost)		CONTRACTOR'S OFFER OR PROCEEDS OF SALE (g)	FOR USE OF CONTRACTING AGENCY ONLY
									Unit (e)	Total (f)		
	266	Demodulator, Type B103, Plug-In, Molded, 0.6872 lb. Dwg 1JDI1365-G1			Carton	N-1	240	ea.	23.2947	5590.73		
	267	Demodulator, Plug In, Molded J102, .6785 lb., Dwg 1J00971-G01			Carton	N-1	297	ea.	14.7442	4379.03		
	268	Demodulator, Plug In, Molded B103, .3865 lb., Dwg 1JDI1365-G01			Carton	N-1	60	ea.	23.2947	1397.68		
	269	Modulator, Plug In, Molded, G104 .407 lb, Dwg 1JDI1371-G01			Carton	N-1	17	ea.	19.6099	333.37		
	270	Transformer Assembly, Plug In, Molded J97, .48 lb, Dwg 1JDI1620-G01			Carton	N-1	37	ea.	12.9858	480.47		
	271	Amplifier Subassembly, Plug In, Molded, G181, .400 lb, Dwg 1JDI1700-G01			Carton	N-1	214	ea.	16.5925	3550.80		
	272	Launching Unit No. 2, Plug In, Molded G187, .385 lb, Dwg 1JDI1752-G01			Carton	N-1	44	ea.	27.0314	1189.38		
	273	Positive Regulator, 54W, Plug In, Molded G195, .635 lb, Dwg 1JDI1760-G01			Carton	N-1	49	ea.	26.2585	1286.67		
	274	Time Delay Unit, Plug In, Molded, B196 .380 lb, Dwg 1JDI1761-G01			Carton	N-1	34	ea.	20.0693	682.36		
	275	Launching Unit, Molded No. 1, Type G188 Plug-In, Molded, 0.612 lb, Dwg 1 JDI1753-G1			Carton	N-1	58	ea.	23.1179	1340.84		

U. S. GOVERNMENT PRINTING OFFICE : 1957 O-7-43464

DD FORM 543c REPLACES DD FORM 543-1, 1 JUL 51 WHICH IS OBSOLETE.

Figure 11-9. Schedule B Continuation Sheet, DD Form 543c

SPECIMEN

SPECIMEN

DEPARTMENT OF DEFENSE <b>INVENTORY SCHEDULE C (WORK IN PROCESS)</b>				DATE <b>Dec 1, 1961</b>		PAGE NO. <b>29</b>		NO. OF PAGES <b>65</b>		Form approved. Budget Bureau No. 22-4076.					
<input checked="" type="checkbox"/> TERMINATION THIS SCHEDULE APPLIES TO (Check one)				SEE REVERSE FOR INSTRUCTIONS											
<input type="checkbox"/> A PRIME CONTRACT WITH THE GOVERNMENT				COMPANY											
<input type="checkbox"/> SUBCONTRACT(S) OR PURCHASE ORDER(S)				Trent Manufacturing Co.											
CONTRACTOR WHO SENT NOTICE OF TERMINATION				STREET ADDRESS <b>400 Park Ave</b>											
NAME				CITY AND STATE <b>New York, N. Y.</b>											
PRODUCT COVERED BY CONTRACT OR ORDER				LOCATION OF MATERIAL <b>400 Park Ave, N. Y. C.</b>											
GOVERNMENT PRIME CONTRACT NO. <b>NObs-12345</b>				SUBCONTRACT OR P. O. NO.				REFERENCE NO. <b>712</b>							
DESCRIPTION				ESTIMATED WEIGHT (lb)				UNIT OF MEASURE							
ITEM NO.				QUANTITY				COST							
FOR USE OF CONTRACTING AGENCY ONLY				UNIT (f)				TOTAL (ff)							
CONTRACTOR'S OFFER OR PROCEEDS OF SALE				UNIT (g)				TOTAL (gg)							
401. Board Assembly, Dwg. 1JD2658, complete less Operations 7, 21, 23, 11" x 2 3/4" x 1"				14 oz. ea.				ea.				33.6500			
402. Board Assembly per. Dwg. 1JD2109-Gr1 less Items 43, 44, 57, 55, 29 8 1/2" x 3/4" x 2 1/4"				7 oz. ea.				ea.				13.7864			
403. Board Assembly per. Dwg. 1JD2109-Gr1 less Items 43, 44, 57, 55, 29, 8 1/2" x 2 1/4" x 3/4"				6 1/2 oz. ea.				ea.				11.7560			

**INVENTORY SCHEDULE CERTIFICATE**

The undersigned, individually and as an authorized representative of the Contractor, certifies that he has examined this Inventory Schedule, page numbers **to** **inclusive**, dated **Dec 1, 1961**, and that in the exercise of his best judgment and to the best of his knowledge, based upon information believed by him to be reliable, said Schedule has been prepared in accordance with applicable instructions; that the inventory described therein is allocable to the designated contract and is located at the places specified; if the property reported therein is termination inventory, that the quantities are not in excess of the reasonable quantitative requirements of the terminated portion of the contract; that said Schedule does not include any items reasonably usable, without loss to the Contractor, on its other work; that the costs shown on such Schedules are in accordance with the Contractor's books of account; and that the prices shown in column g, representing the proceeds of authorized sale of the items covered thereby, are fair and reasonable.

The Contractor agrees to inform the Contracting Officer of any substantial change in the status of the inventory shown in this Schedule between the date hereof and the final disposition of such inventory. Subject to any authorized prior disposition, title to the inventory listed in this Schedule is hereby tendered to the Government and is warranted to be free and clear of all liens and encumbrances.

NAME OF CONTRACTOR	DATE
BY (Signature of Authorized Official)	
NAME OF SUPERVISORY ACCOUNTING OFFICIAL	TITLE

**SPECIMEN**

**DD FORM 544** EDITION OF 1 JUL 51, IS OBSOLETE

Figure 11-10a. Inventory Schedule C, DD Form 544 (Front)

INSTRUCTIONS FOR USE - INVENTORY SCHEDULE C  
WORK IN PROCESS  
DD FORM 544

A. CLASSIFICATION. - No classification of items is required. Finished components are not to be listed on this form but on DD Form 543. Other items which have not lost their identity through whole or partial assembly and which are deemed to have further commercial use are also to be listed on DD Form 543.

B. DESCRIPTION (column b). - Furnish such description as is sufficient to enable the contracting officer or the customer to determine the appropriate disposition.

C. CONDITION (Column c). - For material considered to have possible salvage value, other than scrap, insert an "X". If considered scrap, insert an "S".

D. COST (Columns e and f). - Any generally recognized basis for costing inventory may be used, provided it has been regularly used by the contractor and properly reflects his costs.

E. COMMON ITEMS. - Any items of inventory reasonably usable, without loss to the contractor on its other work, because they are materials, parts, or components, common in nature to both the terminated contract and other work of the contractor, are not to be listed except for items the delivery of which has been required by the Government and except for Government-furnished property. (See Inventory Schedule Certificate).

F. PROCEEDS OF AUTHORIZED SALE (Column g). - Insert the letter "A" after the amount if the sale (or credit for acquisition) has been authorized or approved by the contracting officer or customer. Insert the letter "C" if the amount represents your offer to acquire or sell. In either

case, quantity should also be shown (on a second line) if less than the full quantity shown in Column d.

G. GOVERNMENT-OWNED PROPERTY. -

a. Government-furnished property should be listed on separate sheets, marked to show that the items are Government-furnished.

b. Where title to materials purchased by the contractor is vested in the Government, such materials should be listed and cost data supplied.

H. MISCELLANEOUS. -

a. This form may be reproduced provided no change in format or size is made.

b. Separate Schedules. - If the space provided for any information called for is insufficient, attach separate supporting schedules.

c. Continuation Sheets. - Use DD Form 544-c whenever more than one page is required.

d. Number of copies - The number of sets of inventory schedules required will be indicated by the contracting officer or the customer from whom the notice of termination is received.

Figure 11-10b. Inventory Schedule C, DD Form 544 (Reverse)

DEPARTMENT OF DEFENSE INVENTORY SCHEDULE C - CONTINUATION SHEET (WORK IN PROCESS)										Form Approved Budget Bureau No. 22-8076	
GOVERNMENT PRIME CONTRACT NUMBER		SUBCONTRACT OR P.O. NO.		REFERENCE NUMBER		DATE		PAGE NO.		PAGES	
NObs-12345		712		Dec 1, 1961		31		65			
ITEM NO.		ITEM		ESTIMATED WEIGHT		QUANTITY		UNIT OF MEASURE		COST	
FOR USE OF CONTRACTING AGENCY ONLY		DESCRIPTION		DL		d		ea.		UNIT TOTAL	
411	Molded Unit, Dwg. #1JDI475-G1, Complete thru Oper. #3, 3 in. by 1-1/4 in. by 1/32 in.	3 oz. ea.	S	1	ea.	12.4413	12.44				
412	Molded Unit, Dwg. 1J0971 Complete through Operation #2, 3" x 1" x 1-3/4"	4 oz. ea.	S	1	ea.	13.4671	13.47				
413	Molded Unit G-104 Dwg. 1JDI371 Complete through Operation #5, 3 1/2" x 2 1/2" x 7/8"	3 oz. ea.	S	6	ea.	13.1711	82.27				
414	Molded Unit Dwg. 1JDI381 Complete through Operation #7, 3 1/2" x 2 1/2" x 7/8"	2 oz. ea.	S	4	ea.	15.7823	63.13				
415	Molded Unit B-127 Dwg. 1JDI381-G-1 Complete through Operation #7 1-7/8" x 2-9/16" x 1"	1 oz. ea.	S	1	ea.	15.7823	15.78				
416	Molded Unit Dwg. 1JDI468-1 Complete through operation #4 3" x 1-1/4" x 1/32"	2 oz. ea.	S	5	ea.	17.1483	85.74				
417	Molded Unit Dwg. 1JDI476 Complete through operation #8 2-9/16" x 2-3/8" x 3/4"	1 oz. ea.	S	10	ea.	21.6544	216.54				
418	Molded Unit Dwg. 1JDI528-1 Complete through operation #6 2-1/16" x 2-9/16" x 1 1/2"	2 oz. ea.	S	9	ea.	15.2821	137.54				
419	Molded Unit Dwg. 1JDI528-1 Complete through operation #8 2-1/16" x 2-1/16" x 1 1/2"	2 oz. ea.	S	11	ea.	15.4899	170.39				
420	Molded Unit Dwg. 1JDI528-1 Complete through operation #7 2-1/16" x 2-9/16" x 1 1/2"	3 oz. ea.	S	2	ea.	15.4107	30.82				
421	Molded Unit Dwg. 1JDI700 Complete through operation #12 3 1/2" x 2 1/2" x 1"	1 oz. ea.	S	12	ea.	14.5175	174.21				

<b>INVENTORY SCHEDULE D (DIES, JIGS, FIXTURES, ETC., AND SPECIAL TOOLS)</b> <input checked="" type="checkbox"/> TERMINATION <input type="checkbox"/> NON-TERMINATION		DATE <b>Dec. 1, 1961</b>	Form Approved Budget Bureau No. 22-8077
THIS SCHEDULE APPLIES TO (Check one) <input checked="" type="checkbox"/> A PRIME CONTRACT WITH THE GOVERNMENT <input type="checkbox"/> SUBCONTRACT(S) OR PURCHASE ORDER(S)		PROPERTY CLASSIFICATION (See Instruction on reverse) <b>Dies &amp; Fixtures</b>	
CONTRACTOR WHO SENT NOTICE OF TERMINATION <b>Trent Manufacturing Co.</b>		PAGE NO. <b>60</b> NO. OF PAGES <b>65</b>	
NAME <b>400 Park Ave</b>		STREET ADDRESS <b>400 Park Ave</b>	
ADDRESS <b>New York, N. Y.</b>		CITY AND STATE <b>New York, N. Y.</b>	
PRODUCT COVERED BY CONTRACT OR ORDER <b>Radar Sets "A" and "B"</b>		LOCATION OF MATERIAL <b>400 Park Ave, N. Y. C.</b>	
GOVERNMENT PRIME CONTRACT NUMBER    SUBCONTRACT OR P.O. NO. <b>NObs-12345</b> <b>712</b>		REFERENCE NO. <b>712</b>	

FOR USE OF COM. AGENCY ONLY	ITEM NO.	DESCRIPTION (If property has commercial value, furnish adequate commercial description. Otherwise furnish description sufficient to identify item. If item is to be sold, furnish description sufficient to determine appropriate disposition. If item is to be disposed of, show manufacturer's name, address, and catalog No.)	QUANTITY	UNIT	COST		CONTRACTOR'S OFFER ON PROCEEDS OF SALE	FOR USE OF COM. AGENCY ONLY
					TOTAL	APPLICABLE TO THIS CONTRACT		
					TO ENTIRE CONTRACT	TO PORTION NOT TO BE COMPLETED		
	711	#3 Compound die for armature stop dwg 7654	2	415	830	830	332	
	712	#75 Piercing die for yoke dwg 8765	2	210	420	420	168	
	713	#2 Perforate, Bl. & form die for Bkt. dwg 944	2	550	1100	600	240	
	714	Drill jig for bracket, dwg 9423	1	130	130	130	52	
	715	Tapping fixture for yoke #8842	3	40	120	120	48	
	716	Reforming fixture bracket #962	2	55	110	110	44	

The undersigned, individually and as an authorized representative of the contractor, certifies that he has examined this Inventory Schedule, page numbers **to** **inclusive**, dated **and that in the exercise of his best judgment and to the best of his knowledge**, based upon information believed by him to be reliable, said Schedule has been prepared in accordance with applicable instructions; that the inventory described therein is allocable to the designated contract and is located at the places specified; if the property reported therein is termination inventory, that the quantities are not in excess of the reasonable quantitative requirements of the terminated portion of the contract; that said Schedule does not include any items reasonably usable, without loss to the Contractor, on its other work; that the costs shown on such Schedules are in accordance with the Contractor's books of account; and that the prices shown in column E, representing the proceeds of authorized sale of the items covered thereby are fair and reasonable.

The Contractor agrees to inform the Contracting Officer of any substantial change in the status of the inventory shown in this Schedule between the date hereof and the final disposition of such inventory.

Subject to any authorized prior disposition, title to the inventory listed in this Schedule is hereby tendered to the Government and is warranted to be free and clear of all liens and encumbrances.

INVENTORY SCHEDULE CERTIFICATE

BY (Signature of Authorized Official) \_\_\_\_\_

DATE \_\_\_\_\_

GPO 929159

**DD FORM 545**  
 EDITION OF 1 JUL 51, IS OBSOLETE  
 Figure 11-12a. Inventory Schedule D, DD Form 545 (Front)



INSTRUCTIONS FOR USE - INVENTORY SCHEDULE D  
DIES, JIGS, FIXTURES, ETC., AND SPECIAL TOOLS  
DD FORM 545

A. CLASSIFICATION. -

a. Items having no commercial value may be placed in a single classification designated "No Commercial Value". For items deemed to have commercial value, general classifications may be limited to the following:

Dies    Jigs    Gauges    Fixtures    Special Tools

b. Use a new form for each such general classification. Insert the name of the classification in the designated block in the upper right-hand corner of the form and list the items falling under that classification in sequence. For example, on the sheet used to list Dies, group separately all Extruding Dies, all Forging Dies, all Forming Dies, etc. On the sheet used for Gauges, group separately all Thread Gauges, all Radius Gauges, all Depth Gauges, etc. Whenever possible, listing of Special Tools should identify the names and numbers of the parts for which the tools are used, using the Government part number where assigned.

B. DESCRIPTION (Column b). - An adequate commercial description is required for all items which have commercial value. For other items, furnish description sufficient to enable the contracting officer or the customer to determine the appropriate disposition. Also indicate weight for each item.

C. CONDITION (Column c). - For purpose of indicating condition of material, the code indicated below should be used. It requires the combination of a letter and a number in each instance (as E4 or N2). Use the letter "X", without a number, for material considered to have no further value for use as originally intended, but of possible salvage value other than as scrap. If considered scrap, insert an "S".

CODE: N - New	1 - Excellent
E - Used - reconditioned	2 - Good
O - Used - usable without repairs	3 - Fair
R - Used - repairs required	4 - Poor

D. COST (Columns e and f). - Any generally recognized basis for costing inventory may be used, provided it has been regularly used by the contractor and properly reflects his costs.

E. COMMON ITEMS. - Any items of inventory reasonably usable, without loss to the contractor on its other work, because they are materials, parts, or components, common in nature to both the terminated contract and other work of the contractor, are not to be listed except for items the delivery of which has been required by the Government and except for Government-furnished property. (See Inventory Schedule Certificate).

F. PROCEEDS OF AUTHORIZED SALE (Column g). - Insert the letter "A" after the amount if the sale (or credit for acquisition) has been authorized or approved by the contracting officer or customer. Insert the letter "C" if the amount represents your offer to acquire or sell. In either case, quantity should also be shown (on a second line) if less than the full quantity shown in Column d.

G. GOVERNMENT-OWNED PROPERTY. -

a. Government-furnished property should be listed on separate sheets, marked to show that the items are Government-furnished.

b. Where title to materials purchased by the contractor is vested in the Government, such materials should be listed and cost data supplied.

H. MISCELLANEOUS. -

a. This form may be reproduced provided no change in format or size is made.

b. Separate Schedules. - If the space provided for any information called for is insufficient, attach separate supporting schedules.

c. Continuation Sheets. - Use DD Form 545-c whenever more than one page is required.

d. Number of copies. - The number of sets of inventory schedules required will be indicated by the contracting officer or the customer from whom the notice of termination is received.

Figure 11-12b. Inventory Schedule D, DD Form 545 (Reverse)

DEPARTMENT OF DEFENSE <b>SPECIMEN INVENTORY SCHEDULE D—CONTINUATION SHEET (DIES, JIGS, FIXTURES, ETC., AND SPECIAL TOOLS)</b>									
GOVERNMENT PRIME CONTRACT NO. N008-12345		SUBCONTRACT OR P. O. NO.		REFERENCE NO. 712	PROPERTY CLASSIFICATION (See instruction on DD 545) <input type="checkbox"/> TERMINATION <input type="checkbox"/> NON-TERMINATION		DATE 1 Dec 1961	PAGE NO. 64	NO. OF PAGES 65
FOR USE OF CONTRACTING AGENCY ONLY		DESCRIPTION (b)		QUANTITY	COST			CONTRACTOR'S OFFER OR PROCEEDS OF SALE (a)	
ITEM NO.				(d)	Unit (e)	Total (f)	APPLICABLE TO THIS CONTRACT To Entire Contract (f1)	To Portion Not To Be Contracted (f2)	
756	Punch & Die Steel	8898385-2P2	0-2	1	96.00	96.00	96.00	38.40	
757	Cir. Form Tool Steel	8898547-1K1	0-2	1	60.00	60.00	60.00	24.00	
758	Cir. Form Tool Steel	8898547-1K2	0-2	1	60.00	60.00	60.00	24.00	
759	Pierce Template Steel	8898583-1P1	0-2	1	36.00	36.00	36.00	14.40	
760	Weld Fixture Steel	8899117-301-W1	0-2	1	48.00	48.00	48.00	19.20	
761	Punch & Die Brass	8899550-1P1	0-2	1	360.00	360.00	360.00	144.00	
762	Cir. Form Tool Steel	8899556-1K1	0-2	1	104.00	104.00	104.00	41.60	
763	Punch & Die Steel	8899576-1B1	0-2	1	1,056.00	1,056.00	1,056.00	422.40	
764	Form Tool Steel	8899576-1P1	0-2	1	832.00	832.00	832.00	332.80	
765	Cir. Form Tool Steel	8899590-1K1	0-2	1	104.00	104.00	104.00	41.60	
766	Punch & Die Steel	8899599-1P1	0-2	1	624.00	624.00	624.00	249.60	
767	Double V Die Steel	8846008-1P1	0-2	1	192.00	192.00	192.00	76.80	

U. S. GOVERNMENT PRINTING OFFICE : 1957 O-7-438558

**SPECIMEN**

REPLACES DD FORM 545-1, WHICH IS OBSOLETE.

DD FORM 545c  
1 APR 57

Figure 11-13. Schedule D Continuation Sheet, DD Form 545c

DEPARTMENT OF DEFENSE				DATE		PAGE NO.		NO. OF PAGES		Form Approved Budget Bureau No. 22-R157	
TERMINATION INVENTORY SCHEDULE E				SPECIMEN		1		1		1	
THIS SCHEDULE APPLIES TO (Check one)				DATE							
<input type="checkbox"/> A PRIME CONTRACT WITH THE GOVERNMENT				Dec 1, 1961							
<input checked="" type="checkbox"/> SUBCONTRACT(S) OR PURCHASE ORDER(S)											
CONTRACTOR WHO SENT NOTICE OF TERMINATION				COMPANY							
NAME				John Ardan Co.							
ADDRESS				200 Main Ave. Williamsport, Penna.							
PRODUCT COVERED BY TERMINATED CONTRACT OR ORDER				LOCATION OF MATERIAL							
GOVERNMENT PRIME CONTRACT NUMBER				SUBCONTRACT OR P.O. NO.				REFERENCE NO.			
NORs-12345				S.O. #4244				TM83			
DESCRIPTION				TYPE OF PACKING				QUANTITY			
ITEM NO.				GOVERNMENT PART OR DRAWING NO. AND REV. NO.				UNIT OF MEASURE			
1				b1				d			
HM60DLT 47051 Bearing, Stl. Forging. Symbol KGR-391ATx7 U/L				b2				e			
FOR USE OF CONTRACTOR ONLY				CONTRACTORS OFFER OR PROCEEDS OF SALE				FOR USE OF CONTRACTOR ONLY			
COST				TOTAL				COST			
41.5622				\$665.00				41.5622			

Same as above

TERMINATION INVENTORY SCHEDULE CERTIFICATE

The undersigned, individually and as an authorized representative of the contractor, certifies that he has examined this Termination Inventory Schedule, page number 1, inclusive, dated 7/15, and that in the exercise of his best judgment and to the best of his knowledge, based upon information believed by him to be reliable, said Schedule has been prepared in accordance with applicable instructions; that the inventory described therein is allocable to the designated contract and is located at the places specified; that the quantities are not in excess of the reasonable quantitative requirements of the terminated portion of the contract; that said Schedule does not include any items reasonably usable, without loss to the Contractor, on its other work; that the costs shown on such Schedules are in accordance with the Contractor's books of account;

BY (Signature of Authorized Official)

John Ardan Co. J. Ryan

NAME OF SUPERVISORY ACCOUNTING OFFICIAL

P. Sayre

DATE

Dec 1, 1961

TITLE

President

COMPANY ACCOUNTANT

Company Accountant

SPECIMEN

DD FORM 832  
1 APR 57

REPLACES DD FORM 832, 1 APR 55, WHICH IS OBSOLETE

Figure 11-14a. Termination Inventory Schedule E, DD Form 832 (Front)

INSTRUCTIONS FOR USE - TERMINATION INVENTORY SCHEDULE (SHORT FORM)  
FOR USE WITH DD FORM 831 ONLY  
DD FORM 832

A. CLASSIFICATION. - No specific classification required but similar items should be grouped together. Several classifications may be listed on one form.

B. DESCRIPTION (Column b.) - A full commercial description is required for all items which have commercial value. For other items, furnish only such description as is sufficient to enable the contracting officer or the customer to determine the appropriate disposition.

C. CONDITION (Column c.) - For purposes of indicating condition of material, the code indicated below should be used. It requires the combination of a letter and a number in each instance (as E4 or N2). Use the letter "X", without a number, for material considered to have no further value for use as originally intended, but of possible salvage value other than as scrap. If considered scrap, insert an "S".

CODE: N - New	1 - Excellent
E - Used - reconditioned	2 - Good
O - Used - usable without repairs	3 - Fair
R - Used - repairs required	4 - Poor

D. COST (Columns e and f). - Any generally recognized basis for costing inventory may be used, provided it has been regularly used by the contractor and properly reflects his costs.

E. COMMON ITEMS. - Any items of inventory reasonably usable, without loss to the contractor on its other work, because they are materials, parts, or components, common in nature to both the terminated contract and other work of the contractor, are not to be listed except for items

the delivery of which has been required by the Government and except for Government-furnished property, (See Inventory Schedule Certificate).

F. PROCEEDS OF AUTHORIZED SALE (Column g). - Insert the letter "A" after the amount if the sale (or credit for acquisition) has been authorized or approved by the contracting officer or customer. Insert the letter "C" if the amount represents your offer to acquire or sell. In either case, quantity should be also shown (on a second line) if less than the full quantity shown in Column d.

G. GOVERNMENT - OWNED PROPERTY. -

a. Government-furnished property should be listed on separate sheets, marked to show that the items are Government-furnished.

b. Where title to materials purchased by the contractor is vested in the Government, such materials should be listed and cost data supplied.

H. MISCELLANEOUS. -

a. This form may be reproduced provided no change in format or size is made.

b. Separate Schedules. - If the space provided for any information called for is insufficient, attach separate supporting schedules.

c. Number of copies. - The number of sets of inventory schedules required will be indicated by the contracting officer or the customer from whom the notice of termination is received.

Figure 11-14b. Termination Inventory Schedule E, DD Form 832 (Reverse)

SCHEDULE OF PLANT EQUIPMENT FOR DISPOSITION NAVEXOS-4080 (REV. 10-59)		FORM APPROVED - BUDGET BUREAU NO. 45-1286.2					
DATE		PAGE 1 OF 3 PAGES					
1. FROM (Name of contractor) Wayne Scott Co		2. ADDRESS (No., Street, City & State) 111 Centervew Ave, Bridgeport, Conn.					
3. LOCATION OF PLANT EQUIPMENT Same as 2, above		4. TO (Navy Inspection Office) Inspector of Naval Material Bridgeport, Conn.					
5. SCHEDULE NO. (To be numbered in sequence as schedules are submitted) NObs 59-36		6. GOVERNMENT PRIME CONTRACT NUMBER F-887					
7. CONTRACTOR'S REFERENCE NUMBER		8. INTERIM <input type="checkbox"/> FINAL <input checked="" type="checkbox"/>					
8. ITEM NO.	9. DESCRIPTION (As shown on Property Record Card)	10. PROPERTY RECORD CARD NO.	11. NAVY IDENTIFICATION NO.	12. STANDARD COMMODITY CLASSIFICATION CODE	13. CONDITION (Use code when AT, PRESENT, OUTLED)	14. QUANTITY	15. ACQUISITION COST
1	Oscilloscope, Ser. NO 6W98; Type 304A, year 1953, 82170 General Products, Inc., 5" dia. screen East Hartford, Conn. (6) Not applicable (7) 115/230 volts; 2 to 30,000 cycles per sec; single phase (9) General purpose (11a) portable (11b) 19" wide x8-23/32" high x 18" approx.	3-00001	94288000001	5628	N1 02 2	2	\$345 \$690
(NOTE: Revision of this form, renumbered as 4570/1, will be issued in next change)							
*CODE - Use a combination of letter and number (P, N, S) (except X & S use letter only)		N-New E-Used-reconditioned O-Used-usable without repairs		R-Used-repairs required X-No value except for salvage S-Scrap item		1-Excellent 2-Good 3-Fair 4-Poor	

Figure 11-15a. Schedule of Plant Equipment For Disposition, NAVEXOS-4080 (Front)

ONMINST 5000.3, Vol. 2  
6 March 1962

REPORT OF DISPOSITION OF PRIVATE PLANT PERSONAL PROPERTY  
NAVEXOS-3123 (Rev. 3-59)  
TO: Office of Naval Material, Washington 25, D.C.

REPORTING OFFICE BUREAU OF NAVAL WEAPONS REPRESENTATIVE, EAST HARTFORD				REPORT MONTH NOV 1961		
ITEM	CONTRACTOR INVENTORY (EXCLUDING FACILITIES)			FACILITIES		
	NO. CASES (a)	COST (b)	PROCEEDS (c)	NO. CASES (d)	COST (e)	PROCEEDS (f)
1. ON HAND BEGINNING OF PERIOD			XXX			XXX
2. RECEIPTS			XXX			XXX
3. ADJUSTMENTS			XXX			XXX
4. TOTAL AVAILABLE FOR DISPOSITION			XXX			XXX
DISPOSITIONS BY CONTRACTOR IN POSSESSION	5. RETENTIONS AT COST	XXX		XXX		
	6. SOLD AS USABLE PROPERTY	XXX		XXX		
	7. SOLD AS SALVAGE	XXX		XXX		
	8. SOLD AS SCRAP	XXX		XXX		
	9. ABANDONED OR DESTROYED	XXX		XXX	XXX	XXX
DISPOSITIONS BY NAVY	10. REDISTRIBUTED WITHIN NAVY	XXX	47,350	XXX	XXX	XXX
	11. TRANSFERRED TO AIR FORCE	XXX	8,255	XXX	XXX	14,725
	12. TRANSFERRED TO ARMY	XXX		XXX	XXX	XXX
	13. TRANSFERRED TO OTHER GOV'T AGENCIES WITHOUT REIMBURSEMENT	XXX	21,000	XXX	XXX	XXX
	14. TRANSFERRED TO OTHER GOV'T AGENCIES WITH REIMBURSEMENT	XXX			XXX	
	15. ABANDONED OR DESTROYED	XXX		XXX	XXX	XXX
	16. TRANSFERRED TO STOCKPILE	XXX		XXX	XXX	XXX
	17. DONATED TO EDUCATIONAL INST.	XXX	79,000	XXX	XXX	XXX
	18. OTHER DONATIONS	XXX		XXX	XXX	XXX
	19. SOLD AS USABLE PROPERTY	XXX			XXX	
	20. SOLD AS SALVAGE	XXX			XXX	
	21. SOLD AS SCRAP	XXX			XXX	
	22. STORAGE AGREEMENT WITH CONT.	XXX		XXX	XXX	XXX
23. TOTAL DISPOSITIONS		155,605			14,725	
24. ON HAND END OF PERIOD						
25. (a) FERROUS-SCRAP SOLD		TONS		PROCEEDS		
(b) NON-FERROUS SCRAP SOLD		LBS.		PROCEEDS		
(c) OTHER SCRAP SOLD				PROCEEDS		
26. REMARKS						
SIGNATURE S. Kinard				DATE Dec 1, 1961		

Figure 11-17a. Report of Disposition of Private Plant Personal Property, NAVEXOS-3123 (Front)

INSTRUCTIONS FOR PREPARATION OF NAVEXOS FORM 3123	
1. General Instructions:	
(a) Navexos-3123 will be submitted by:	
(1) Each field office authorized to dispose of surplus contractor inventory. Such report will cover surplus dispositions effected and/or approved by the disposal office during the month.	
(2) Each Inspector of the Material Inspection Service, USN, (INSMAT, BAR, SUPSHIPS, INSMACH, INSORD, etc). Such report shall indicate all redistribution actions (items 10 through 14) accomplished by the Inspector as a result of screening, i.e., redistribution within the Navy, only where a change in bureau cognizance is involved, transfers to the Army or Air Force, transfers to other Government agencies, etc.	
(b) Navexos-3123 reports will be forwarded to the Office of Naval Material in duplicate by the fifth of the month following the month reported on. Negative reports are required.	
(c) Cost value will be estimated in all cases where actual cost data are not available. In reporting cost and proceeds of property, omit cents.	
(d) Dispositions will be reported,	
(1) when the property is physically removed, or	
(2) upon issuance of a letter by the disposal office approving retention or disposition by the contractor, or	
(3) upon execution of a storage agreement with the contractor by the Navy, or	
(4) upon receipt of notice by the disposal office of storage by the contractor.	
Note: The issuance of shipping instructions does not in itself close a case or constitute plant clearance.	
2. Columnar Instructions:	
(a) <u>Contractor Inventory (Excluding Facilities), number of cases.</u> In this column insert the number of cases of Contractor Inventory on hand at the beginning of the month, received, disposed of by authorized means and on hand at the end of the month.	
(b) <u>Contractor Inventory (Excluding Facilities), Cost.</u> In this column insert the cost value of Contractor Inventory on hand at the beginning of the month, received, disposed of by authorized means and on hand at the end of the month.	
(c) <u>Contractor Inventory (Excluding Facilities), Proceeds.</u> In this column insert the proceeds arising from the sale or retention of Contractor Inventory by the contractor in possession, and the proceeds from the sale, or transfer with reimbursement, by the disposal office.	
(d) <u>Facilities, number of cases.</u> In this column insert the number of cases of Facilities on hand at the beginning of the month, received, disposed of by authorized means and on hand at the end of the month.	
(e) <u>Facilities, Cost.</u> In this column insert the cost value of Facilities on hand at the beginning of the month, received, disposed of by authorized means and on hand at the end of the month.	
(f) <u>Facilities, Proceeds.</u> In this column insert the proceeds arising from the sale of facilities by the contractor in possession, and the proceeds from the sale and/or transfer with reimbursement by the disposal office.	
3. Specific Instructions:	
(a) <u>Line 3</u> - Indicate plus or minus adjustment(s).	
(b) <u>Line 25</u> - In entering data for this item, include dispositions by the contractors in possession.	

Figure 11-17b. Report of **Disposition** of Private Plant Personal  
Property, NAVEXOS 3123 (Reverse)

IN REPLY REFER TO:

TO: [ ]

[ ]

Gentlemen:

The inventory identified below has been determined to be excess to the requirements of the Federal Government and has been reported to the designated disposal office for final disposition. You are requested to comply with disposition instructions issued by the disposal office.

DISPOSAL OFFICE

CONTRACT NO.	REFERENCE NO.	SCHEDULE NO. & DATE	PAGE AND ITEM

Items which were listed on your inventory schedule(s) but have been excluded from this notification have been or will be included in shipping instructions originating from this office.

If Government property in the possession of a subcontractor or located at a secondary site is included in the inventory reported to the disposal office, you are requested to notify the subcontractor or secondary site that disposition instructions will be issued by the disposal officer cognizant of that location, and to direct compliance therewith. A copy of your notification should be transmitted to this office and to the disposal office designated herein.

Very truly yours,

SURPLUS PROPERTY NOTIFICATION  
NAVEXOS-4550/1 (Rev. 1-62)

Figure 11-18. Surplus Property Notification, NAVEXOS 4550/1



DOD PROPERTY RECORD SUPPLEMENTARY DATA										Form Approved Budget Bureau No. 22-R-209										Report Control Symbol NAVCOMPT-7320-8										NAME OF ITEM <b>Radial Drill</b>																								
<input checked="" type="checkbox"/> INITIAL <input type="checkbox"/> CORRECTION										SECTION I - INVENTORY CODES																																												
1. COMMODITY CODE: (1) CC <input checked="" type="checkbox"/> PEC <input type="checkbox"/> SCC										2. MODEL CODE (13)										4. TYPE										5. IDENTIFICATION NUMBER (19)																								
3 4 1 3 4 1 4 2 2 4 0 8										2 3 1 5 4										1 9 2 6 6 6 0 0 0 2 3 9																																		
(1) FSN										6. MANUFACTURER (Name, City, and State) <b>Fosdick Machine Tool Company Cincinnati Ohio</b>																																												
7. POSSESSOR CODE (30)										8. PRESENT LOCATION <b>Pratt &amp; Whitney Aircraft Division Main Street East Hartford, Conn.</b>										9. YEAR OF MFR (42)					10. OPER POWER CODE (44)					11. SVC CODE (46)																								
0 0 1 3 8										9 2 6 6 6										4					3 4 4					1 1																								
12. ACQUISITION COST (No cents) (48)										13. MANUFACTURER'S SERIAL NUMBER (54)										14. STATUS CODE (68)					15. CONDITION CODE (70)					16. INSPECTION CODE (71)																								
1 0 2 5 0										1 3 9 7 0										1 3 U					F																													
17. DEPARTMENTAL USE (72)																																																						
3										1 0 1																																												
SECTION II - INVENTORY DATA																																																						
18. DESCRIPTION AND CAPACITY <b>5' arm x 17" dia. of column (6) Radial drilling, plain (7) Gear driven. Also: 1-Head, 1-Plain table</b>																																																						
20. CONTRACT NUMBER <b>NOa-5727 Facilities Use Agreement</b>															19. MANUFACTURER'S DESIGNATION <b>Model Economax</b>																																							
21. END ITEM <b>General Use</b>																																																						
22. ADMINISTERING OFFICE <b>69</b>										23. DIMENSIONAL DATA					24. ASOD NO.					25. DATE ASOD APPROVED																																		
LENGTH <b>14</b>					WIDTH <b>7</b>					HEIGHT <b>12</b>					SQUARE FEET <b>98</b>					WEIGHT <b>22500</b>																																		
SECTION III - IDLE DECLARATION AND INSPECTION REPORT																																																						
26. DEPARTMENTAL USE															27. ITEM USED BY POSSESSOR: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO    MONTHS IN USE: <b>118/2</b>																																							
28. IS ITEM LOCATED IN A GOVERNMENT OWNED FACILITY?															YES					NO					45. ARE SPINDLES, SHAFTS, GEARS, AND LEADSCREWS IN GOOD CONDITION?										YES					NO														
29. MUST ITEM BE REMOVED FROM FACILITY?															YES					NO					46. ARE BEDS, TABLES, AND WAYS FREE OF SCORING AND BINDING?										YES					NO														
WHEN? <b>User requests removal by 1/31/62</b>																									47. DOES ITEM HAVE TOLERANCE DEFICIENCIES? (If Yes, use "Remarks")																													
30. IS ITEM SEVERABLE?															YES					NO					48. WILL ADJUSTMENT CORRECT TOLERANCE DEFICIENCIES?										NA																			
31. HAS ITEM BEEN MODIFIED FROM ORIGINAL CONFIGURATION? (If Yes, use "Remarks")															YES					NO					49. HAS ITEM BEEN REBUILT? DATE <b>5/51</b>										YES					NO														
32. IS ITEM COMPLETE WITH ATTACHMENTS AND ACCESSORIES PER HISTORICAL RECORDS? (If No, use "Remarks")															YES					NO					50. WAS ITEM LAST USED ON A FINISHING OPERATION?										YES					NO														
33. DO QC RECORDS INDICATE SATISFACTORY PERFORMANCE?															YES					NO					51. ARE PRODUCTION EQUIPMENT RECORDS IN A CASE PROOF ENVELOPE ATTACHED SECURELY TO EQUIPMENT? (Storage only)																													
34. WAS INSPECTION PERFORMED UNDER POWER?															YES					NO					52. ARE INSTALLATION INSTRUCTIONS AVAILABLE?										YES					NO														
35. IS ITEM IN GOOD OPERABLE CONDITION?															YES					NO					53. AFSSC DATA:																													
36. ARE MAINTENANCE COST RECORDS OF ITEM NORMAL?															YES					NO					a. LOCATED IN EXCESS REALTY?										YES					NO														
37. ARE MANUALLY OPERATED MECHANISMS IN WORKING ORDER?															YES					NO					b. PROPERTY REIMBURSABLE? (If Yes, give acct. office to be reimbursed)																													
38. ARE SCALES, DIALS, AND GAUGES WORKING AND READABLE?															YES					NO					c. PART OF CONTRACTOR INVENTORY?										YES					NO														
39. ARE HYDRAULIC PUMPS, VALVES, AND FITTINGS OPERATING PROPERLY?															YES					NO					d. NOTE DEGREE OF CONTAMINATION BELOW UNDER REMARKS.																													
40. ARE ELECTRONIC SYSTEMS AND CONTROLS OPERATING PROPERLY?															YES					NO					<b>None</b>																													
41. ARE SAFETY DEVICES ADEQUATE AND SATISFACTORY?															YES					NO																																		
42. IS COOLANT SYSTEM OPERATIONAL AND SATISFACTORY?															YES					NO																																		
43. ARE TRAVERSING MECHANISMS IN GOOD CONDITION?															YES					NO																																		
44. ARE ALL INDEXING MECHANISMS IN GOOD CONDITION?															YES					NO																																		
54. IF SEMI-SEVERABLE, WILL REMOVAL DAMAGE COMPONENTS?															YES					NO					55. MUST ITEM BE REBUILT TO HOLD DESIGN TOLERANCES?					YES					NO					56. ESTIMATED COST TO PREPARE AND LOAD FOR SHIPMENT														
57. DATE PREPARED <b>31 Oct 1961</b>															58. DATE RECEIVED IN FIELD <b>2 Nov 1961</b>										59. DATE RECEIVED CENTRAL INVENTORY										60.										61. <b>N-134-62</b>									

DD FORM 1 MAR 61 1342s

Figure 11-19. DOD Property Record Supplementary Data (DD Form 1342s)

TABLE A  
ACTIVITIES AUTHORIZED TO SELL CONTRACTOR INVENTORY  
AT PRIVATE PLANTS\*

OFFICE	AREA
INSMAT, Boston  495 Summer Street Boston 10, Massachusetts	1st Naval District; also the State of Connecticut
INSMAT, New York  207 W. 24th Street New York 11, New York	The State of New York, except for Staten Island
INSMAT, Newark  1130 Route 22 Mountainside, New Jersey	That part of New Jersey in the 3rd Naval District, and Staten Island, New York
INSMAT, Philadelphia  17 Brief Avenue Upper Darby, Pennsylvania	4th and 5th Naval Districts except for the States of Ohio, Kentucky, and West Virginia
INSMAT, Cleveland  Ferguson Building 1783 East 11th Street Cleveland 14, Ohio	The States of Ohio, Kentucky, and West Virginia
INSMAT, Atlanta  50 Seventh Street, Northeast Atlanta 5, Georgia	6th Naval District
INSMAT, Dallas  708 Jackson Street Dallas, Texas	8th Naval District
INSMAT, Chicago  536 South Clark Street Chicago, Illinois	9th Naval District
INSMAT, Los Angeles  929 South Broadway Los Angeles 15, California	11th Naval District
INSMAT, San Francisco  Building 178, Treasure Island San Francisco 30, California	12th and 13th Naval Districts

\*The Chief of Naval Research and the Officer in Charge of Construction, Madrid, are also Authorized Selling Activities

TABLE B  
REPORTABLE PRODUCTION EQUIPMENT\*  
( CLASS 4 PLANT PROPERTY )

TITLE	PEC/SCC
Dynamometers	3191
Boring Machines	3411
Broaching Machines	3412
Drilling Machines	3413
Gear Cutting and Finishing Machines	3414
Grinding Machines	3415
Lathes	3416
Milling Machines	3417
Planers	3418
Miscellaneous Machine Tools	3419
Portable Machine Tools	3421
"	3422
"	3423
"	3424
"	3425
"	3426
"	3427
"	3428
"	3429
Primary Metalforming Machinery	3431
"	3432
"	3433
"	3439
Bending and Forming Machines	3441
Hydraulic and Pneumatic Presses, Power Driven	3442
Mechanical Presses, Power Driven	3443
Manual Presses	3444
Punching and Shearing Machines	3445
Forging Machinery and Hammers	3446
Wire and Metal Ribbon Forming Machines	3447
Riveting Machines	3448
Miscellaneous Secondary Metal Forming and Cutting Machines	3449
Welding Equipment	3451
"	3452
"	3453
"	3454
"	3456
"	3459
Textile Machinery	3521
"	3522
"	3523
"	3524
"	3525
"	3526

TABLE B (con't)

TITLE	PEC/SCC
Textile Machinery (con't)	3527
"	3529
Woodworking Machinery	3562
"	3563
"	3564
"	3565
"	3566
"	3567
"	3569
Furnaces	3571
"	3572
"	3573
"	3574
"	3575
"	3577
"	3578
"	3579
Foundry Equipment	3581
"	3582
"	3583
"	3584
"	3585
"	3586
"	3587
"	3589
Special Industries Machinery	3593
"	3595
"	3596
"	3597
(Manufacturing Only)	3598
Crushing, Pulverizing, etc. Equipment	3911
"	3912
"	3913
"	3914
"	3915
"	3919
Miscellaneous General Purpose Industrial Machinery	3991
Measuring, etc. Equipment	5631
"	5632
"	5633
"	5634
"	5635
"	5636
"	5638
Profilometers	563908
Magnetic Particle Inspection Machines	563914
Demagnetizers	56391405
Physical Properties Testing Equipment	5651
"	5652
"	5653
"	5654
"	5655
"	5656

TABLE B (con't)

TITLE	PEC/SCC
Physical Properties Testing Equipment (con't)	5657
"	5658
"	5659
Electronic Research Devices	5693
Industrial X-Ray Equipment	6814

\* NOTE: Includes only equipment where the unit acquisition cost is \$500 or more.  
Excludes equipment in scrap (X) condition.

TABLE C  
REPORTABLE PRODUCTION EQUIPMENT  
CONDITION CODES

<u>New Codes</u>	<u>Superseded Codes</u>
N - New, Never used	N-1 New, unused, excellent N-2 New, unused, good (shopworn, soiled, etc.)
U - Usable, without repair	E-2 Used - Reconditioned - O-1 Usable without repair - O-2 Excellent - good
E - Rebuilt, not used since rebuilt	E-1 Used - reconditioned - excellent
R - Unusable unless repaired	R-1 Used - repairs required R-2 Excellent - good
M - Usable if missing or broken parts are added or replaced	N-3 E-3 Used, usable without repair O-3 fair - repairs required R-3
X - Scrap	E-4 O-4 Used, poor, uneconomical R-4 to repair N-4

TABLE D  
NAVY INVENTORY CONTROL POINTS \*

<u>COG SYM</u>	<u>CATEGORY OF PROPERTY</u>	<u>CONTROL POINT</u>
(A) (J) (Z)	Ordnance, ordnance components and parts, including ammunition and explosives and synchros	Ordnance Supply Office Mechanicsburg, Pa.
(C)	Major construction and civil engineering equipment	Bureau of Yards and Docks, Wash., D.C.
(D)	Special occupational and environmental clothing and textiles; linens, bedding, etc.	Navy Clothing & Textile Office, 2800 S. 20th St. Philadelphia, Pa.
(E) (R)	All types of aeronautical components and parts; photographic materials	Aviation Supply Office 700 Robbins Avenue Philadelphia, Pa.
(F)	Major electronic and radiac equipments (excluding aeronautical type)	Bureau of Ships Washington, D.C.
(G)	General Stores Material (common items)	Defense Industrial Supply Center 700 Robbins Avenue Philadelphia, Pa.
(H) (P)	Ships assemblies, repair parts; submarine equipments and repair parts; and nuclear equipments and repair parts	Ships Parts Control Center, Mechanicsburg, Pa.
(L)	Medical and dental material and equipment	Defense Medical Supply Center, 3rd Avenue, & 29th Street, Brooklyn 32 New York
(N)	Electronic assemblies, radiac and other repair parts, and common electronic items and related test equipment	Electronic Supply Office Great Lakes, Illinois
(O)	Training devices	Office of Naval Research Washington, D.C.
(V)	Major aeronautical and photographic equipments (including aircraft engines)	Bureau of Naval Weapons Washington, D.C.
(W)	Solid fuel, petroleum and related products (including hydraulic fluid)	Fuel Supply Office Washington, D.C.

\* For further descriptions and details of cognizance symbols see BUSANDA Manual, Volume 2, paragraph 21148.

TABLE E

GENERAL SERVICES ADMINISTRATION REGIONAL OFFICES

<u>GSA REGION NO.</u>	<u>REGIONAL OFFICE ADDRESS</u>	<u>REGIONAL AREA</u>
1	Utilization and Sales Division Federal Supply Service General Services Administration Post Office and Courthouse Boston 9, Massachusetts	Maine, Vermont, Massachusetts, New Hampshire, Connecticut, and Rhode Island
2	Utilization and Sales Division Federal Supply Service General Services Administration 250 Hudson Street New York 13, New York	New York, New Jersey, Delaware, Pennsylvania, Puerto Rico and Virgin Islands
3	Utilization and Sales Division Federal Supply Service General Services Administration Seventh and D Streets, S. W. Washington 25, D. C.	District of Columbia, Maryland, West Virginia, Virginia
4	Utilization and Sales Division Federal Supply Service General Services Administration Peachtree-Seventh Building 50 Seventh Street, N. E. Atlanta 23, Georgia	Georgia, Alabama, Florida, Tennessee, North Carolina, South Carolina, and Mississippi
5	Utilization and Sales Division Federal Supply Service General Services Administration U. S. Courthouse 219 South Clark Street Chicago 4, Illinois	Illinois, Michigan, Indiana, Wisconsin, Ohio and Kentucky
6	Utilization and Sales Division Federal Supply Service General Services Administration 2306 East Bannister Road Kansas City 31, Missouri	Missouri, Kansas, Minnesota, Iowa, Nebraska, North Dakota and South Dakota
7	Utilization and Sales Division Federal Supply Service General Services Administration 1114 Commerce Street Dallas 2, Texas	Texas, Arkansas, Oklahoma, and Louisiana
8	Utilization and Sales Division Federal Supply Service General Services Administration Building 41, Denver Federal Center Denver 2, Colorado	Colorado, Utah, Wyoming and New Mexico
9	Utilization and Sales Division Federal Supply Service General Services Administration 49 Fourth Street San Francisco 3, California	California, Nevada, Arizona, Hawaii
10	Utilization and Sales Division Federal Supply Service General Services Administration Federal Office Building 909 First Avenue Seattle 4, Washington	Washington, Oregon, Montana, Idaho, and Alaska



TABLE F  
INVENTORY CONTROL POINTS - U.S. AIR FORCE, U.S. ARMY, U.S. MARINE CORPS  
CATEGORY OF PROPERTY DEPARTMENT AND LOCATION

Electronic and electrical supplies and equipment	Air Force	-- Dayton A.F. Depot, Gentile A.F. Station, Dayton 20, Ohio, and Rome Air Material Area (AMA), Griffiss A.F. Base, Rome, N.Y.
	Air Force	-- Middletown Air Material Area, Olmstead AFB, Middletown, Pa. Mobile Air Material Area, Brookley AFB, Mobile, Alabama. Ogden Air Material Area, Hill AFB, Ogden, Utah Oklahoma City Air Material Area, Tinker AFB, Oklahoma City, Okla. Rome Air Material Area, Griffiss AFB, Rome, New York Sacramento Air Material Area, McClellan AFB, Sacramento, Cal. San Antonio Air Material Area, Kelly AFB, San Antonio, Texas San Bernardino Air Material Area, Norton AFB, San Bernardino, Cal. Warner Robins Air Material Area, Robins AFB, Warner Robins, Ga.
*Aeronautical components and equipment	Air Force	
	Air Force	
Electronic and electrical supplies and equipment	Army	-- U.S. Army Signal Supply Agency, Philadelphia, Pa.
	Army	-- Transportation Material Command, 12th & Spruce Street, St. Louis, Missouri
Aeronautical components and equipment	Marine Corps	-- Commandant, Marine Corps, code CSX, Headquarters, Marine Corps, Washington 25, D.C.
	Marine Corps	-- Commanding General, code 820, Marine Corps Supply Activity, 1100 South Broad Street, Philadelphia, Pa.

\* address to Interservice Supply Support Coordinators, and utilize the Inventory Control Point which is nearest the location of the property, and request that listings be referred to other Air Material Areas, as appropriate (pending distribution to MIS of AF Listing of Inventory Managers by FSC groups)

TABLE G

DISTRIBUTION OF INVENTORY SCHEDULES AND DD FORM 1342s \*

A. Distribution of Inventory Schedules (Maximum Requirements)

<u>Operation</u>	<u>Activity</u>	<u>No. of Copies</u>
utilization screening	requiring activity	6
	Inventory Control Point	2
	purchasing office	1
	disposal office	2
	Air Force	1
	Army	1
	Marine Corps	1
	General Services Administration	4
surplus disposal	disposal office	3
administration (verification) (Property Adm/ Inspector's files)	reporting	2
	office	2
TOTAL		<u>25</u>

B. Distribution of DD Form 1342s (Maximum Requirements)

<u>Operation</u>	<u>Activity</u>	<u>No. of Copies</u>
utilization screening	cog bureau or office	2
	NAVPECO	6
	NAVPECO **	2
surplus disposal	disposal office	6
administration (verification) (Property Adm/ Inspector's files)	initiating	2
	office	2
TOTAL		<u>20</u>

\* MIS Inspectors may authorize submission of fewer copies of DD Form 1342s and inventory schedules where utilization screening is not required.

\*\* for submissions of 100 or more items of production equipment pursuant to 211104.c.2

CHAPTER 12  
DISPOSAL OF SURPLUS CONTRACTOR INVENTORY

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## CHAPTER 12

### DISPOSAL OF SURPLUS CONTRACTOR INVENTORY

#### PART A. GENERAL INTRODUCTION AND BASIC POLICIES

##### 212000. Introduction

The disposal of surplus contractor inventory located at private plants presents many significant problems peculiar to this category of property.

Disposal operations must be conducted so as to recognize the urgency of prompt clearance of contractors' plants; the existence of contractual provisions governing and limiting surplus disposition; the dual responsibility of the Government and the contractor for assuring effective disposition accomplished pursuant to applicable statutes and regulations; avoidance of preferential treatment to the contractor in possession of the property; and other factors.

Disposal operations are susceptible to the close and continuing scrutiny of industry, Congress, and the public at large, and require the exercise of efficient, alert, and impartial action by Government personnel responsible for the function. The procedures and provisions of this chapter have been designed to provide the guidance and instruction necessary for the sound and orderly disposal of surplus contractor inventory.

##### 212001. Definitions

Definitions of terms set forth in the Glossary of Terms of this Manual and in Sections VIII and XIII of the Armed Services Procurement Regulation shall also apply to terms used herein. In addition, the following terms as defined below are applicable:

1. Acquire or Acquisition. The terms "acquire" and "acquisition," as used in this chapter, refer to any purchase or acquisition by the contractor of any item of contractor inventory at an agreed price.

2. Disposal. Any sale, donation, abandonment, or destruction of property, or any transfer of property within the Department of Defense or to other Federal agencies.

3. Local Area Screening. Screening accomplished through the circularization of excess contractor inventory information to local military and/or Federal civilian agencies located within the region of the screening activity.

4. Public Body. Any state, territory, or possession of the United States, any political subdivision thereof, the District of Columbia, or any agency or instrumentality of any of the foregoing, or any agency of the Federal Government.

5. Service Educational Activity. Any educational activity designated by the Secretary of Defense as being of special interest to the Armed Forces, such as maritime academies, or military, naval, Air Force, or Coast Guard preparatory schools.

##### 212002. Publications and Regulations

In addition to the provisions contained in this chapter, Offices of the Material Inspection Service, USN, will be guided in their duties relative to the disposal of surplus contractor inventory by the applicable provisions of:

1. Armed Services Procurement Regulation, Section VIII.

2. Navy Procurement Directives.

3. Navy Property Redistribution and Disposal Regulation No. 1 (NAVEXOS P-149).

4. Bureau of Supplies and Accounts Manual, Volume II.

5. Special instructions issued by the Chiefs of the several bureaus and offices of the Department of the Navy, and special contract provisions which must be superimposed on standard procedures outlined in this chapter.

212003. Applicability

a. The procedures set forth in this chapter apply to the disposal of all Navy contractor inventory which is surplus to the requirements of the Department of Defense including those categories of property delineated in 211003 of Chapter 11 of this Volume.

b. Except as otherwise specified by contractual provisions, and by 212006 below, the procedures contained in this chapter shall be followed with respect to all surplus contractor inventory arising out of Navy Department contracts, whether or not such contracts are being administered by Inspectors of the Material Inspection Service, USN.

c. The procedures of this chapter also apply to the disposal of surplus Government property at private plants or at privately operated plants which do not meet the criteria of contractor inventory (see 211003.c.). However, sale of such property is subject to the limitations set forth in 212106.d.3 of this chapter, and any negotiated sale of such property requires the prior written authorization of the Chief of Naval Material.

d. Except for the foregoing limitations and requirements applicable to sales actions, reference to contractor inventory under any article in this chapter shall also be construed as including reference to surplus Government personal property other than contractor inventory at private plants.

e. This chapter has no application to the disposal of real property and related personal property, which are governed by the instructions in chapter 4 of the Industrial Facilities Policy Handbook (ONMINST P-4860.7).

212004. Authority of the Chief of Naval Material

The Chief of Naval Material is authorized to establish policies and procedures for the disposal of surplus contractor inventory located at contractors' plants. Activities designated in 212005 are responsible for the appropriate disposition of surplus contractor inventory whether or not acting as agents of the contracting officer. These activities are responsible to the Chief of the Naval Material for the performance of disposal functions.

212005. Designation of Disposal Offices

The Inspectors listed in Table A of Chapter 11 are hereby authorized to effect the sale or other disposition of contractor inventory within the Navy, determined to be surplus to the requirements of the Department of Defense.

212006. Exchange of Disposal Functions Between the Military Departments

Disposal activities designated in Table A of Chapter 11 are authorized to act for the Department of the Army and Air Force for purposes of effecting redistribution and disposal of surplus contractor inventory, when so requested, pursuant to the terms of agreements established between the Navy and the Army or Air Force. Disposition of Army or Air Force property made pursuant to the foregoing provisions will be made in accordance with the applicable policy and procedures set forth in this chapter. Disposition of Navy property by the other Military Departments effected pursuant to this paragraph may be made in accordance with the disposition procedures and instructions of those Departments, as applicable. Inspectors of the Material Inspection Service, USN, who have not been authorized by the Chief of Naval Material to dispose of surplus contractor inventory shall not effect or authorize disposition of such property for any of the military services of the Department of Defense.

212007. Property Disposal Review Boards

a. Each Inspector assigned responsibility for the disposal of surplus contractor inventory shall establish a Property Disposal Review Board for the review and approval of property disposal actions delineated in paragraph 212111.a. of this chapter.

b. Property Disposal Review Board

Each Property Disposal Review Board established in offices of the Material Inspection Service, USN, shall be composed of at least three qualified officers or civilian employees of the Department of the Navy, competent to evaluate the propriety of disposal actions proposed by the disposal officer and his staff. The Board shall meet collectively upon call of the disposal officer for such deliberations. Alternate members will be nominated to preclude delays in disposal actions. No person shall serve as a member of the Property Disposal Review Board in reviewing any property action in which he has participated. Paragraph 212111.b describes the functions of the Property Disposal Review Board.



## PART B. METHODS AND PROCEDURES FOR SURPLUS DISPOSITION

## 212100. Procedures Preparatory To Disposition

a. Review of NAVEXOS 4253 and Inventory Schedules. Upon receipt of a Request For Disposal Action, NAVEXOS 4253 (see 211504), the disposal office shall review the request and the inventory schedules to determine whether they contain sufficient information and property descriptions for redistribution and disposal purposes. The disposal office should insure that the inventory schedules include the required condition code(s) and necessary cost information, and that Inventory Schedule Certificates have been properly executed. Estimated weights of scrap inventory (by classification) should be indicated by the reporting activity. Unacceptable schedules shall be promptly returned to the Inspector (or activity) from whom they were received and an explanation furnished as to their inadequacy. Reporting offices will assure that the required corrections are made prior to resubmission of disposal requests. Acceptable requests for disposal action shall be date-stamped, indicating the date of receipt of the request.

b. Assignment of Disposal Case Number. A disposal request, upon acceptance, shall be established as a disposal case and a disposal case number in consecutive sequence shall be assigned thereto. Schedules received on the same day, applicable to the same contract, covering property at the same location, shall be treated as a single case. In addition, non-termination inventory schedules listing nominal quantities of surplus property submitted by a contractor under various contracts may be consolidated under a single case number for property at the same location.

c. Composition of Disposal Case Number. Disposal case numbers will consist of a prefix identifying the disposal office (PHILA, DAL, ATL, etc) followed by an arabic numeral, assigned in numerical sequence beginning with 1. The case number assigned to a request for disposition of Class 4 plant equipment shall be identified by the suffix "F" to facilitate the preparation of the monthly report form, NAVEXOS 3123.

Examples:

BOS-1  
BOS-2-F  
BOS-3

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d. Disposal Case Log. A disposal case log, providing a permanent numerical listing of disposal cases, shall be maintained. Each approved disposal request shall be entered in the log by recording the following data in columnar form on the same line as the assigned case number:

1. Termination/Non-termination (check appropriate column).
2. Date case established.
3. Name of reporting activity.
4. Contract number (and purchase order number if applicable).
5. Name of contractor.
6. Contractor's Reference Number.
7. Location of property.
8. Dollar value of case.
9. Date case completed.

e. Preparation of Disposal Case File. A case folder, comparable to an Office File Folder (described in Volume 1, Chapter 9) shall be prepared for each disposal case. The case number, contractor, and contract number shall be inserted on self-adhesive labels (red) which shall be placed on the tabs of the folders. This color (red) has been reserved for property disposal files. Folders prepared for termination inventory shall include the word "Termination" on the face of the folder, to assure priority handling by disposal personnel.

f. Preparation of Case Ledger Sheet. A ledger sheet shall be prepared in accordance with paragraph 212200.b. for each disposal case, for the purpose of recording and coding dollar value of receipts and expenditures.

g. Disposal Case Cross-Reference Card. A disposal case cross-reference card shall be prepared and maintained to provide an alphabetical cross-reference, by contractor, for each property disposal case. A specimen of the prescribed Disposal Cross-Reference Card, NAVEXOS-4261, and applicable instructions for the

preparation and maintenance thereof, are set forth in Part D of this chapter.

#### 212101. Methods of Disposal

Priority. In accordance with the Government's right under the contract to acquire title to and to require delivery to the Government of any items of contractor inventory as defined in ASPR 8-101(5), it is the policy of the Government to dispose of all contractor inventory as set forth in the applicable provisions of this chapter in the following priority:

1. Utilization by the Government.
2. Retention of contractor-acquired property at full cost, with Government approval unless otherwise specified.
3. Donations (to educational activities of special interest to the Department of Defense and to the Department of Health, Education and Welfare).
4. Sale (including acquisition by the contractor or subcontractor).
5. Donations to public bodies in lieu of abandonment or destruction of valueless property.
6. Abandonment or destruction of valueless property.

#### 212102. Utilization by the Government

a. General. It is the policy of the Department of the Navy to effect optimum utilization of available property, whether in excess or surplus status, in the interest of conservation and economy and the objective of reducing the amount of new procurement wherever practicable.

b. Local Area Screening (property requiring referral to GSA). Navy-wide requirements for contractor inventory other than Class 4 production equipment must be ascertained within a thirty-day period, for property requiring GSA screening. To assist in accomplishing this objective, subparagraph 211107.b.4 requires the reporting office to furnish the cognizant disposal office with two advance copies of inventory schedules concurrently with the distribution of schedules to other Navy screening activities. Upon receipt of such schedules, the disposal office shall notify those local Navy activities considered to have possible requirements for the type of property available. Screening activities shall be requested to advise the reporting

activity directly (with copy to the disposal office), within the period prescribed for Navy-wide screening, concerning requirements, if any, for such property.

#### c. Local Area Screening (property not requiring referral to GSA)

1. The cognizant disposal office shall determine the extent of local area screening necessary for contractor inventory which is not required to be reported to GSA. Generally such factors as the quantity of property available, condition of the property, its value and probable cost incident to transfer, including administrative costs, shall be considered in determining the feasibility of local area screening.

2. Local area screening of this category of property shall normally be accomplished within a maximum of 15 calendar days and shall be effected concurrently with screening by accredited representatives of Service Educational Activities and the Department of Health, Education and Welfare. Transfer requests from DOD activities shall be given preference over any donation prior to shipment or delivery of the property to the donee. Local Area Screening Request, NAVEXOS-4262, set forth in Part D of this chapter shall be utilized in offering property to local military activities.

3. Transfer of property in this category shall be authorized by the disposal office, without reimbursement, upon receipt of written requests from activities included in the local area screening program. Each transfer of surplus property shall be reported on a Requisition and Invoice/Shipping Document, DD Form 1149, prepared by the disposal office. Instructions for the preparation and distribution of this form are outlined in paragraph 28704 of the BUSANDA Manual.

4. Authority to release the property to the transferee shall be furnished the reporting activity by use of the Release of Surplus Property, NAVEXOS 4264, set forth in Part D of this chapter.

5. Consignees' receipts are required in connection with all transfers except transfers within the Department of the Navy effected on Government bills of lading. Prompt action shall be taken by the disposal office to secure the consignee's receipt, if required.

d. Packing, Handling and Transportation Costs. Packing, handling and transportation costs incident to the transfer of excess personal property shall be borne by the receiving activity. This policy is applicable to transfers (1) within the Naval Establishment, (2) between the military departments, and (3) to Federal civilian agencies.

212103. Donation of Surplus Contractor Inventory

a. Donation of property requiring prior screening by GSA. Paragraph 211108.a outlines the procedures for donation of property requiring the prior utilization screening by the GSA Regional Office. Since information as to the availability of such property, and routing of donee requirements, are effected through the GSA Regional Office, the Navy disposal office will not normally be concerned with such donations.

b. Donation of property not requiring prior screening by GSA

1. Surplus contractor inventory included in this category of property may be donated by disposal offices to service educational activities and civil defense organizations, and to educational and public health institutions. In addition, valueless property may be donated to public bodies in lieu of abandonment or destruction. The disposal office shall promptly notify the applicant requesting donation in the event that any items previously selected are to be withdrawn to fulfill requests from Department of Defense activities.

2. Disposal offices designated in Table A of Chapter 11 shall establish and maintain donable property files which shall be available for screening by accredited representatives of Service Educational Activities (identified in 28202-2 of the BUSANDA Manual) and Health Education and Welfare Department.

3. One copy of each inventory schedule listing surplus property which was not previously reported to GSA for utilization screening shall be placed in the donable file promptly upon receipt by the disposal office. Each schedule shall be marked to indicate the date of receipt by the disposal office and the scheduled date for removal from the donable file, which shall be 15 calendar days after the date of receipt.

4. Responsibility for locating donable surplus property rests with the activities authorized to receive donations. Donation of property in this category shall be on a "first-come-first-served" basis.

5. Inventory schedules shall be removed from the donable file on the scheduled date and final disposal action shall be initiated with respect to all items which have not been selected for donation. Property which is not selected for donation during the authorized period shall not be subject to donation after the property has been advertised for sale.

6. Surplus property for donation shall be held for a period not to exceed 40 calendar days from the date of selection. Property which is disapproved for donation by the Service Educational Activity or the General Services Administration and property which is not claimed by the donee during the 40-day period shall be offered for sale or otherwise disposed of.

7. All costs incident to donation, including packing, preparation for shipment, loading, and transportation, shall be borne by the donee.

8. Donations shall be accomplished in accordance with instructions outlined in NPR&D Reg. No. 1, paragraph 302. Each donation shall be reported on a Requisition and Invoice/Shipping Document, DD Form 1149, prepared by the disposal office. Authority to release the property to the donee shall be furnished the reporting activity by the use of NAVEXOS 4264. An information copy of each transfer invoice reporting a donation to a Service Educational Activity shall be forwarded to the State Agency of the State in which the property is to be used.

c. Donations to Public Bodies

1. Surplus contractor inventory which has not been selected for donation and has not subsequently been sold or otherwise disposed of may, in lieu of abandonment, be donated to any public body, as defined in subparagraph 4 of 212001.

2. Each donation to a public body shall be subject to a written determination on the Disposal Determination/Approval form, NAVEXOS 4281 (set forth in

Part D of this chapter), that the property is valueless.

3. Release of property to the donee and the assumption of all packing, handling, and shipment costs by the donee shall be accomplished in the same manner as other donations.

d. Donations of Dangerous Property and Combat Material. Surplus property dangerous to public health or safety shall be rendered innocuous, or adequate safeguards provided therefor prior to donations. Surplus combat material shall be demilitarized prior to donation, if demilitarization is determined to be in the best interest of public health, safety or security. Demilitarization shall be accomplished in such manner as to preserve insofar as possible any civilian utility.

#### 212104. Responsibility For Sales

a. Termination Inventory. Under the terms of the contract, the contractor is required to use his best efforts to sell termination inventory (including Government-furnished inventory) in the manner, at the times, to the extent, and at the price, or prices, directed or authorized by the cognizant disposal office.

b. Non-Termination Inventory. Responsibility for sales of surplus contractor inventory other than termination inventory is based on individual contract provisions. Where the contract so provides, the contractor shall be required to use his best efforts to sell to the same extent specified in the case of termination inventory. Where the contract is silent on the subject of contractor responsibility, the disposal office shall enlist the contractor's assistance. Where such assistance cannot be obtained, the disposal office shall proceed with sale of the property.

c. Subcontractor Inventory. The provisions in paragraph a., above, relating to responsibility for sales of surplus contract termination inventory are also applicable in the case of subcontract termination inventory, in accordance with the provisions of the contract between the Government and the contractor. Responsibility for the sale of surplus non-termination inventory in the possession of a subcontractor similarly is based upon the provisions of the contract between the Government and the contractor. The reporting activity shall be responsible for

insuring that the contractor authorizes the subcontractor in possession to comply with disposition instructions issued by the cognizant disposal office, as provided in 211401.

#### 212105. Authority To Conduct Sales

a. Sales Contracting Officers are authorized to execute sales contracts on behalf of the Government for the sale of surplus contractor inventory and to make determinations and findings of fact with respect to such contracts.

b. The Inspector of each authorized disposal office shall designate a qualified person from the officer or civilian personnel responsible for disposal operations, as a Sales Contracting Officer. Designations shall be in writing and copies thereof, including revocations, shall be furnished the Chief of Naval Material (FOD) and the cognizant Supervising Inspector of Naval Material.

#### 212106. Sale or Acquisition of Surplus Contractor Inventory and Other Personal Property

a. General. Surplus contractor inventory which has not been transferred as the result of area screening, or donated to an approved donee, may be acquired by the contractor (or if subcontract termination inventory, by the subcontractor) or sold to a third party at any time after notification by the cognizant disposal office that the property is not required by the Government. Sales shall generally be on a competitive basis and all sales and acquisitions shall be subject to the approval of the cognizant disposal office.

b. Notification to Contractor or Subcontractor. Notification to the contractor or subcontractor shall be in writing and shall contain specific instructions relative to the method of soliciting bids and the basis for offering the property for sale, i.e. as usable, salvage, or scrap material. Authorization For Formal Sale, NAVEXOS 4265, set forth in Part D of this chapter, shall be utilized in authorizing the contractor to effect sale by formal competitive bidding. Authorization for Informal Sale, NAVEXOS 4266, also set forth in Part D, shall be utilized whenever informal competitive bidding is the approved method of sale. Where nontermination inventory is involved and the Request For Disposal Action, NAVEXOS 4253, indicates that the contractor is not obligated by

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contractual provision to sell, the sale shall be conducted by the cognizant disposal office, unless the contractor is willing to conduct the sale.

c. Sale by Contractor or Subcontractor. The cognizant disposal office shall be responsible for providing the contractor or subcontractor with instructions and assistance, to the extent required, to assure that the sale of surplus property is conducted in conformance with established regulations and that the Government's interest is adequately protected.

#### 1. Methods of Soliciting Bids

(a) Subject to the provisions outlined in (b) below, the methods for soliciting bids by contractors are:

(1) A notice of the proposed sale may be mailed (or delivered) to all prospective bidders. If this method is used, the bidders list shall include all known responsible prospective purchasers located in the general area in which the sale is to be held.

(2) A notice of the proposed sale may be displayed at an appropriate public place or places.

(3) A notice of the proposed sale may be published in appropriate trade journals or magazines.

(4) A notice of the proposed sale may be published in a newspaper of general circulation.

(5) Informal competitive bidding.

(b) Bids shall be solicited by any of the methods set forth above, or any combination thereof, if deemed necessary by the contractor or subcontractor to assure full and free competition, provided that:

(1) Bids shall be solicited sufficiently in advance of the opening dates specified to allow bidders an adequate opportunity to prepare and submit their bids.

(2) Where the original acquisition cost of serviceable material available for sale at any one location is \$25,000 or more, the following procedure shall apply:

The sale shall be adver-

tised in a newspaper of general circulation. Advertising costs incurred in connection with such sale shall be paid for by the contractor or subcontractor selling the material. The contractor or subcontractor may properly include such costs in his post-termination charges (for termination inventory) or as a charge to the contract (for Government property under a cost type contract). The cognizant disposal office shall continue to exercise supervision over such advertising to assure that legal requirements are complied with, that the charges incurred are reasonable, and that good sales techniques are applied. Under no circumstances shall the Navy pay directly for advertising costs incurred in connection with a sale of contractor inventory where the proceeds of such sale are payable to the contractor or subcontractor.

(3) Regardless of the format used in soliciting bids, any notice of a proposed sale shall reserve the right to reject any or all bids submitted, and require payment in full by the successful bidder(s) prior to release of the surplus property.

2. Approval of Method of Sale. The cognizant disposal office shall reserve the right to review and approve (or disapprove) a contractor's sales letter or catalog in advance of distribution. Whether or not this right is exercised, the disposal office shall review the contractor's sales offerings, methods, and techniques on a continuing basis and make such suggestions for revision and improvement as may be warranted. While the preferred format of sales offerings for formal competitive bid sales (NAVEXOS 4265 (a)) shall be furnished the contractor, use thereof is not mandatory provided all essential requirements are met.

3. Distribution of Sales Offering. The extent of distribution of sales offerings is based upon the category, quantity, and estimated recovery value of the

property offered for sale. An appropriate bidders' list shall be furnished to the contractor by the disposal office, to which may be added any other potential outlets known to the contractor. In the case of scrap, salvage, and items of limited value, the disposal office may authorize the contractor to limit distribution to local outlets. Although a minimum of three bids is required to be solicited for any competitive type sale, solicitations shall not generally be restricted to this number, unless the applicable circumstances clearly justify such limited distribution. Sales invitations shall generally be furnished to the supplier or producer of each item being sold and to those activities listed under subparagraph d.2(f), below, unless otherwise indicated.

#### 4. Submission and Opening of Bids.

Bids shall be submitted in sealed envelopes marked "BID" and bearing the sale number assigned by the disposal office. Bids may be opened in the disposal office or at the contractor's plant, as provided in the sales offering. When bids are opened in the disposal office, they shall be recorded in the bid book in the same manner as bids submitted in connection with Government-conducted sales. Bid openings at the contractor's plant shall be witnessed by a representative of the disposal office unless authority to witness bid openings at the contractor's plant is delegated by the disposal officer to a representative of the reporting office. An abstract of bids, including signature of the Navy representative witnessing the bid opening, shall be prepared by the contractor and submitted to the disposal office twenty-four hours after the date of bid opening. The bid book shall contain the disposal case number for each sales number assigned to a contractor-conducted sale. Where considered necessary, the Sales Contracting Officer should examine bids which have been opened at the contractor's plant. Bids opened at the disposal office which are not required to be witnessed by the Disbursing Officer will be opened by the disposal officer and witnessed by a civilian or military member designated by the Inspector. Steps prescribed in 28382 of the BUSANDA Manual shall be taken to prevent the possibility of subsequent improper entries on the abstract of bids. Signatures of the disposal officer and the witness to the bid opening will be affixed thereto.

5. Informal Bid Procedure. Oral solicitation of bids may be authorized by the disposal office under emergency circumstances when time is of the essence, for property of small value and/or with a limited market, or under other special circumstances which make formal advertisement impracticable. Oral bids must be confirmed in writing, and a copy of the contractor's record of oral solicitations and written confirmations shall be filed in the Inspector's disposal case folder. The contractor shall maintain a record of oral solicitations, including the following data:

- (a) Case No.
- (b) Sale No.
- (c) Date of bid opening.
- (d) Material offered for sale identified by reference to inventory schedule, page and item number, and general category; i.e., scrap, salvage, electronics, etc.
- (e) Name of company and/or individual contacted, address, telephone number and date of solicitation.
- (f) Result of solicitation, i.e., "will submit bid," "not interested," etc.

#### 6. Bid By Contractor or Subcontractor.

A bid for surplus contractor inventory may be submitted by the contractor or subcontractor in the same manner as, and concurrently with, other bids. The contractor or subcontractor shall not be entitled to preference in any sale.

#### 7. Approval of Acquisition or Sale.

Approval of acquisition or sale shall be made to that responsible bidder whose bid is most advantageous to the Government, price and other factors considered, provided the sale price is fair and reasonable, and is adequate in the light of reasonable knowledge or test of the market; due regard being given to current prices for products for which quotations are published, and to the circumstances, nature, condition, quantity and location of the property. Subject to Review Board approval, when required, the disposal office shall notify the contractor or subcontractor of the bidder to whom an award should be made by the use of Approval of Acquisition/Sale, NAVEXOS 4267, illustrated in Part D.

d. Sale by Government

1. General. Government-conducted sales of surplus contractor inventory shall be restricted to non-termination inventory (a) which the contractor is neither contractually obligated nor willing to sell, or (b) when the disposal officer determines that the Government's interest would best be served thereby. Sales by the disposal office shall be conducted in accordance with the procedures contained in this chapter and applicable instructions outlined in the Bureau of Supplies and Accounts Manual, Volume II, Chapter 8, paragraphs 28351 through 28600. However, since the Office of Naval Material (Field Operations Division) is responsible for the supervision of all sales of contractor inventory conducted by disposal activities of the Material Inspection Service, USN, any references in the aforementioned paragraphs to Bureau of Supplies and Accounts for approvals, etc., shall be directed to the Chief of Naval Material (Field Operations Division).

2. Supplemental Instructions

(a) Packing and Loading. The sales invitation shall specify that material is offered for sale "as is" and "where is" and that the cost of packing, loading, and removal will be borne by the purchaser.

(b) Form of Solicitation. Generally, formal invitations prepared on Standard Forms 114 through 114C (with detail description listing when necessary) shall be used to solicit bids in Government-conducted sales. Sales letters may be used under special circumstances which preclude use of formal advertising. Use of sales letters, however, is discouraged, in as much as quotations submitted in response thereto are not binding on the bidder and a separate contract of sale is required to consummate the transaction. Oral solicitation may be used in circumstances described in paragraph c.5., above, applicable to contractor sales. A record of oral solicitations shall be maintained by the disposal office on a form similar to Suggested Format No. 1 set forth

in Part D of this chapter.

(c) Free Advertising. The disposal office shall arrange for free advertising in local newspapers, trade journals, and other mediums whenever possible.

(d) Commercial Advertising. When a sale is conducted by the cognizant disposal office, paid advertising may be used to supplement the distribution of sales invitations when the Inspector cognizant of the disposal office is of the opinion that the results will justify such expense. The Inspectors listed in Table A of Chapter 11 are herewith vested with authority to authorize the publication of advertisements covering sales of surplus Government-owned personal property in newspapers, trade journals, and similar publications. Such authority may not be redelegated. Detailed instructions as to the procedures for use of commercial advertising are set forth in paragraph 28380.4 of the BUSANDA Manual. Requests for funds necessary for advertising or for other supplies or services essential for Government-conducted sales shall be directed to the Chief of Naval Material (M05).

(e) Bidders Lists. The disposal office shall maintain a list of bidders as provided in BUSANDA Manual, paragraph 28380.1. Additions to the bidders list shall be made by the disposal office upon request from a prospective bidder. In the event that the request does not adequately specify the categories of material of interest to the prospective bidder, a letter similar to that shown in Suggested Format No. 2, set forth in Part D of this chapter, shall be used to obtain the required information.

(f) Distribution of Sales Offering

(1) Distribution of sales offerings by the disposal office, concurrently with and in addition to the distribution made to prospective bidders selected by the disposal office, shall include the following:

- a. Contractor or subcontractor
- b. Accountable contractor, if other than (a) above
- c. Reporting activity
- d. Chief of Naval Material (FOD) (Code M54C)
- e. Cognizant Supervising Inspector of Naval Material
- \*f. Staff Director, Industrial Production Equipment Division, Office of Secretary of Defense (Installations & Logistics), Washington 25, D. C.
- \*g. Office of Civil and Defense Mobilization, (Prod. and Material), Washington 25, D. C.

\*h. Chief of Naval Material (Code M413) (2 copies)

\*\*i. Disbursing Officer designated to provide disbursing services for sales conducted by the disposal office.

(g) Notice of Award. NAVEXOS 4271, Notice of Award, shall be utilized under formal and informal Government-conducted sales to accomplish the following:

- (1) To notify the successful bidder of the acceptance of his bid;
- (2) To furnish appropriate fiscal instructions to the successful bidder; and
- (3) To transmit the executed sales contract (under formal sale) or request execution of the sales contract (under informal sales).

(h) Release of Property

- (1) The disposal office shall be responsible for authorizing

release of surplus contractor inventory to the purchaser, and for preparing the sales invoice, DD Form 1149. The sales invoice shall be transmitted to the reporting activity by the use of NAVEXOS 4274. Concurrently therewith, the Authorization to Remove Surplus Property, NAVEXOS 4275, set forth in Part D of this chapter, will be forwarded to the purchaser, authorizing removal of the property. Authority to release or remove property shall be withheld until payment of the entire purchase price has been made. The reporting activity shall be responsible for witnessing delivery to the purchaser and for executing a certificate on the sales invoice: "I hereby certify that the quantities shown in the 'Quantity' column are accurate and correct."

(2) The requirements in (1) above do not apply where the contractor in possession has been authorized to acquire surplus property through other than competitive sale. However, in such cases, the disposal officer shall insure the prompt remittance of the sale price as required by 212109.

(i) Distribution of Sales Contracts. Distribution of sales contracts and statements and certificates of award shall be accomplished in accordance with the BUSANDA Manual, paragraph 28387-4. NAVEXOS 4277, illustrated in Part D of this chapter, shall be used to transmit sales contracts and statements and certificates of award to the General Accounting Office and cognizant Disbursing Officer.

(j) Distribution of Documents to Disbursing Officer. Transmittal of Sales Documents, NAVEXOS 4278 (see Part D of this chapter), shall be used by the disposal office to transmit appropriate documents to the Disbursing Officer in accordance with instructions set forth in Part D for the use of the form.

(k) Salvage Representation. When surplus contractor inventory is sold, or acquired as salvage, the disposal office may require the purchaser to execute a salvage representation.

\*Note 1: Items f, g, and h are applicable only to sales of production equipment listed in Table B of Chapter 11.

\*\*Note 2: Item i is applicable to Government-conducted sales only.



Where such representation is required, a statement similar to that contained in Suggested Format No. 3, Part D of this chapter, should be utilized.

3. Personal Property Other Than Contractor Inventory. Personal property other than contractor inventory located at private plants or privately operated plants may be sold pursuant to the provisions of this chapter, except that such property shall be sold by Government-conducted sale and that, to the extent that negotiated sales are necessary, the requirements set forth in Chapter 8, Volume 2 of the BuSanda Manual shall be observed, and except that referrals of documents shall be to ONM in lieu of BUSANDA.

e. Follow-up Procedures. Adequate follow-up procedures shall be adopted to assure expeditious accomplishment of disposal transactions.

f. General Restrictions on Sales Authority. The authority to sell or to authorize the sale of surplus contractor inventory is subject to the following general restrictions in addition to any other restrictions specifically set forth elsewhere in this chapter:

1. Any applicable Government restrictions upon the disposition of material classified by reason of military security, or existing contract provisions regarding the disposition of material subject to a lien, shall govern such sale or other disposition.
2. Surplus property shall not be sold to persons known to be officers or employees of the Federal Government, or to their immediate families or agents.
3. Sales by a subcontractor to the next higher tier supplier or to an affiliate of such supplier, or sales by a contractor to his subcontractor or to an affiliate of such subcontractor, require the specific approval of the disposal office. Paragraph 8-501.2(d) of ASPR defines the term "affiliated."
4. Whenever it is proposed to make an individual award of property which cost the Government \$3 million or more, or where property consists of patents, processes, techniques, or inventions, irrespective of cost, the information required by NPR&D Reg. No. 1 (par. 304-5H(3)) shall be furnished to the Chief of Naval Material (Field Op-

erations Division). Such information should be obtained from the successful bidder only. Awards involving the foregoing property shall not be made pending written authorization from the Chief of Naval Material. In all proposed sales where such authorization may be necessary, the invitation to bid shall contain a provision that awards may be delayed pending determination by the Attorney General of the United States that such award would not tend to create or maintain a situation inconsistent with the antitrust laws. When requesting approval under this subparagraph, the following items shall be furnished:

- (a) Abstract of bids;
- (b) Number of firms invited to bid;
- (c) Value of property being sold; and
- (d) Two additional copies of sales offering.

5. No bids shall be solicited from, and no contracts shall be awarded to, debarred and suspended contractors without prior written approval of the Chief of Naval Material. Approval will be granted only in extraordinary cases where the best interests of the Government may be served. All inquiries by or with respect to the status of a suspended contractor shall be referred to the Chief of Naval Material.

g. Physical Sighting of Surplus Property

1. Adequate sighting of surplus property by a qualified disposal representative is essential for the proper and efficient disposal of surplus Government property and other contractor inventory.

2. The Sales Officer or disposal assistant shall physically examine property in the following categories prior to sale or other disposal:

- (a) Class 4 plant property;
- (b) Disposition actions which are subject to Property Disposal Review Board approval; and
- (c) Any case in which the disposal office considers inspection to be warranted.

3. In the event that the disposal officer considers that it would be in the best interest of the Government to deviate from the requirements of 2(a) or 2(b) above, physical sighting of the property may be waived, provided the case file is documented by a supporting determination prepared by the Disposal Officer and approved by the Director of

the Department.

4. The Sales Officer or disposal assistant shall determine the amount or quantity of property to be sighted during the examinations required by subparagraph 2 above.

212107. Sales Records

a. A separate sales folder shall be established for each Government-conducted sale of surplus contractor inventory. This folder shall contain a copy of the invitation or sales letter and copies of subsequent correspondence relating thereto.

b. A separate sales contract folder shall be established for each sales contract. This folder shall contain a copy of the contract and copies of documents and correspondence pertaining to the award.

c. Reference to applicable sales folders and sales contract folders shall be inserted in a stamped identification block in the upper left-hand corner of the outside of the case folder, as follows:

Sale Number (s)

Sale Contract Number(s)

d. The following data shall be recorded on the outside of each sales folder:

1. Case number(s).
2. Sales contract number(s).

e. The following data shall be recorded on the outside of each sales contract folder:

1. Assigned contract number.
2. Date of award.
3. Name of purchaser.
4. Sale number.
5. Case number.
6. Date of payment of purchase price.
7. Invoice number(s) (DD Form 1149).
8. Date of delivery.

f. Upon completion of each case folder, applicable sales folders and sales contract folders shall be transferred to the completed file and subsequently transferred to storage as a unit. When a sales file or sales contract file apply to more than one case number, such files shall be transferred with the case file bearing the lowest numbers, and all other applicable case files shall be annotated to indicate the location of the sales file or sales contract file(s).

212108. Acquisition (and Sales) Other Than Competitive

a. General. Acquisitions or sales may be made without competitive bids when the cognizant disposal office determines that the use of such method of disposal is essential to the expeditious clearance of the contractor's plant or is required by reason of the circumstances enumerated in b, below, and that the Government's interests are adequately protected thereby. Acquisitions and sales under this article shall be at a price which is fair and reasonable, and not less than the proceeds which could reasonably be expected to be obtained if the property were offered for competitive sale at that time.

b. Conditions Justifying Acquisition or Sales Other Than Competitive. Specific conditions under which contractor acquisition and sales other than competitive may apply are as follows:

1. Scientific equipment allocated to terminated research and development contracts with educational institutions;
2. Where no acceptable bids have been received as a result of competitive bidding under a suitably advertised sale;
3. Where property is of such small acquisition value that the proceeds to be derived would not warrant the expense of sale;
4. Where the inventory represents property of such a special nature that sale thereof would create negligible bidder interest because of the extremely limited application or potential of such inventory;
5. Where the removal of property would significantly reduce the value of the property, or would result in disproportionate expenses of handling,

rehabilitaion, etc.; and

6. Where it can be clearly established that such action is essential to protect the Government's interests.

c. Acquisitions by Contractors and Subcontractors. Acquisitions of surplus contractor or subcontractor inventory shall not be covered by a sales contract, unless the sales price is \$25,000 or more. However, a sales invoice, Form DD-1149, shall be prepared in all cases where Government property is involved. Purchase by a subcontractor of property in his possession, but owned by the Government or the contractor, constitutes a sale to a third party and acquisition procedures contained in this article are not applicable thereto.

d. Business Clearance Requirements

1. Business clearance is required to be obtained from ONM whenever industrial facilities or serviceable non-termination inventory with an acquisition cost in excess of \$200,000 is scheduled for non-competitive sale or abandonment. NPD 1-403.50 and 1-403.51 outline the procedures and requirements for preparation and submission of business clearance requests. Business clearance, when required, is in addition to any other review and approval actions outlined elsewhere in this chapter.

2. Pre-negotiation business clearance ordinarily required for certain procurement actions is not necessary in connection with proposed negotiated sales. Such sales shall be referred to ONM after negotiations with the prospective purchaser, and prior to execution of any contract.

3. All negotiated sales of surplus non-termination inventory authorized by ONM pursuant to this paragraph shall be covered by a contract of sale similar to that illustrated in 212300 (Figure 12-10a).

4. Requests for approval of authority to contract for a negotiated sale of property pursuant to this paragraph shall be supported by information of the following nature:

(a) Details of market test or experience.

(1) Indicate information obtained from current market test, and identify source (s);

(2) If predicated upon market experience during the past ninety days, cite the following as a minimum; applicable sales invitation(s), item number(s), and results of sale (indicate number of bids solicited; include abstract of bids, and final sales price);

(3) If based upon market experience beyond the past ninety days, an additional test of the market will generally be required.

(b) Special conditions or factors affecting sales price.

(1) If applicable, cite significant removal problems; special contract provisions (e.g., the right of first refusal); extensive period of standby, etc.

(c) Value to contractor-in-possession.

(1) Indicate method used in estimating value of property to the contractor-in-possession;

(2) Indicate whether replacement would be required if offer rejected;

(3) Include details of replacement, such as: lead time; availability of used versus new items, and replacement cost; extent to which property is currently in use; impact on operations pending replacement; etc;

(4) If modifications of property are intended, provide details including estimated cost of alterations or modifications;

(5) Estimate projected use of the property by the contractor.

5. Business clearance requests shall be directed to The Chief of Naval Material (Code M38) with copies of the request (including enclosures) forwarded to ONM Code M05 and the cognizant Supervising Inspector of Naval Material.

212109. Proceeds of Sale

a. Non-Termination Inventory

1. Whenever sale, retention or acquisition of non-termination contractor inventory is authorized and effected, payment in full shall promptly be secured and transmitted to the cognizant

Navy Regional Accounts Office or disbursing office (for Government conducted competitive sales involving bid openings) for deposit purposes. All instruments of payment herein shall be made payable to the cognizant disposal office (e.g., Inspector of Naval Material, Chicago). Under no circumstances shall checks be made payable to a specifically named individual of the Material Inspection Service, USN.

2. Cognizant disposal activities delineated in Table A of Chapter 11 are responsible for insuring the prompt collection and transmittal for deposit of proceeds derived from sales, retentions, or acquisitions conducted or authorized by them.

3. Where the contractor-in-possession is authorized to conduct the sale of non-termination contractor inventory or other Government property, a check issued by such contractor for the net amount of the proceeds shall promptly be furnished the cognizant disposal office upon completion of sales action(s). Such net payment may reflect any deductions previously authorized in writing by the cognizant disposal office which were considered necessary and reasonable for accomplishment of the sale. Such deductions shall be held to a minimum and limited to expenses such as advertising, preparation of sales invitations, etc.

4. Collection of proceeds due the Government from any sale, acquisition or retention of non-termination contractor inventory or other Government property shall not be postponed pending completion of other related or unrelated disposal transactions.

5. When transmitting payments to the cognizant Navy Regional Accounts Office, the Inspector shall request that the proceeds be applied to reduce contract costs, if possible. NAVEXOS 4278 shall be utilized for transmittal purposes. Pending revision and availability of revised forms, the notice of transmittal shall clearly identify:

(a) The procurement contract number(s), and

(b) Name of contractor holding above contract(s).

b. Termination Inventory. Proceeds derived from the disposal of contract termination inventory shall be applied to reduce the contractor's settlement proposal.

#### 212110. Abandonment or Destruction of Valueless Property

a. Justification For Abandonment or Destruction. Contractor inventory shall not be abandoned or destroyed unless a determination in writing has been made by the cognizant disposal office and approved by the Property Disposal Review Board, when required, that (1) such property has no commercial value (i.e., can reasonably be expected to have no market value either for the purposes for which it was originally intended or for use as an entity for any other purpose), or (2) the estimated cost of its continued care and handling would exceed the estimated proceeds from its sale, or abandonment or destruction is required by consideration of health, safety or security.

b. Review Board Requirements. Whenever any line item of property proposed to be abandoned or destroyed at any one location at any one time had an original cost (estimated, if not known) in excess of \$1,000, or where the aggregate of line items under \$1,000 is in excess of \$5,000, approval by the Property Disposal Review Board shall be obtained prior to abandonment or destruction of the property.

#### c. Abandonment Procedure

1. After an abandonment determination of Government property has been prepared and approved by the Property Disposal Review Board, when required, the disposal office shall issue a notice of abandonment by use of the Notice of Property Abandonment, NAVEXOS 4280, set forth in Part D. DD Form 1149 shall be prepared to cover abandonment of classes 3 and 4 plant equipment, only, and material chargeable to the 51,000 and 52,000 expenditure account series.

2. Invoices prepared for abandonment of surplus property need not include any provision for witnessing of or certification as to such action, unless:

(a) mutilation or destruction of such property is required, or

(b) the disposal activity considers such action to be warranted.

3. Where it has been determined that contract termination inventory warrants abandonment, the cognizant disposal office shall authorize the contractor to effect such abandonment, by correspondence similar to that contained in NAVEXOS 4280. DD Form 1149 need not be prepared to cover the abandonment of contractor-owned termination inventory.

4. Contractor inventory shall not be abandoned on the contractor's premises unless such action is authorized by contract provision or, in the absence of such provision, is acceptable to the contractor. Such acceptance shall be indicated in the specified space on the Notice of Property Abandonment, NAVEXOS 4280.

d. Dangerous Property, Combat Material, and Property Requiring Mutilation or Destruction

1. No surplus contractor inventory which is dangerous to public health or safety shall be abandoned or destroyed without first rendering such property innocuous or providing adequate safeguards therefor.

2. No surplus combat material included in contractor inventory shall be abandoned or destroyed without first demilitarizing such property, if such demilitarization is determined to be in the interest of public health, safety, or security. Such demilitarization may include rendering the property innocuous, stripping from it any restricted characteristics, or otherwise making it unfit for military use.

3. Mutilation and/or Destruction

(a) Property requiring mutilation (destruction) prior to abandonment shall be mutilated in the presence of a representative of the reporting activity. Confirmation of such action shall be furnished the disposal

activity, by execution of the following certification in the body of Copy Number 3 of the Requisition and Invoice/Shipping Document, DD Form 1149:

"I hereby certify that (mutilation) (destruction) of the property described herein was accomplished in my presence on this date.

Cognizant Inspector	Title	Date
---------------------	-------	------

(b) In those cases requiring mutilation or destruction, the disposal activity should add the following statement in the body of the Notice of Property Abandonment, NAVEXOS 4280:

"(Mutilation) (Destruction) of the above listed property is required and must be effected in the presence of a representative of (insert name of reporting activity)."

e. Business clearance is required to be obtained from ONM whenever industrial facilities or serviceable non-termination inventory with an acquisition cost in excess of \$200,000 is scheduled to be abandoned. Complete details and justification shall be furnished ONM (Code M38) for each proposed abandonment of such property. Abandonment action shall not be accomplished until authorized by ONM. One copy of each business clearance request (including enclosures) shall be furnished ONM (Code M05) and the cognizant Supervising Inspector of Naval Material. This requirement is in addition to any other review and approval actions outlined elsewhere in this chapter.

212111. Review of Property Disposal Actions

a. Review Requirements

1. By Property Disposal Review Board. The following property disposal matters shall be reviewed by a Property Disposal Review Board prior to approval or ratification by the cognizant disposal office. Concurrence of the majority of the Board is a requisite for approval.

Failure of a Board to act upon any proposed action within thirty days after submission to the Board of all the information it requires shall constitute approval by the Board. When the action to be taken under this paragraph depends upon the original cost of the property being sold, Review Board approval will be required only where the proposed award to a single purchaser falls within the monetary limits shown (e.g., if each of 2 lots of property acquired at a cost of \$30,000 each is awarded to different bidders under a competitive sale, Review Board approval is not required).

(a) A determination that material is scrap or salvage if the original acquisition cost of the material is \$50,000 or more.

(b) A release from a scrap warranty, if the original cost of material is \$25,000 or more.

(c) A sale or retention of serviceable and usable property made without competitive bid sales if the original acquisition cost is \$25,000 or more.

(d) Approval of competitive bid sales if the original acquisition cost is \$50,000 or more.

(e) A determination to destroy or abandon:

(1) Any line item having an original acquisition cost of more than \$1,000, and

(2) Any line items having an original acquisition cost of less than \$1,000 where the aggregate cost of such items was in excess of \$5,000.

2. By Higher Authority. The following property disposal actions require submission to the Chief of Naval Material for decision, approval, advice, review, instructions or information:

(a) For Approval:

(1) Prior to donation of property of a security nature or dangerous to public health and safety;

(2) Sale of hazardous inventory, except where emergency circumstances prevent such request for prior approval;

(3) Proposed sale of surplus property on credit;

(4) Requests for deviation from prescribed sale terms and conditions;

(5) Acquisitions or sales of contractor inventory having an acquisition cost of more than \$100,000 without competitive bids;

(6) Proposed individual awards of property which cost the Government \$3 million or more, or consist of patents, processes, techniques or inventions, irrespective of cost, require the approval of the Attorney General of the United States;

(7) In extraordinary cases, request for solicitation of bids from debarred or suspended contractors.

(8) Negotiated sale of any property which does not meet the criteria of contractor inventory.

(9) Prior to issuance of sales offerings covering 100 or more "reportable machine tools."

(10) Proposed sale of surplus property by auction method.

(b) For Decision:

(1) If extenuating circumstances exist for permitting withdrawal of a bid after bid opening;

(2) All cases of mistakes in bids alleged or disclosed prior to award, except obvious or apparent clerical mistakes;

(3) When the Sales Contracting Officer believes that the purchaser should be allowed to rescind a contract.

(c) For Advice:

(1) If doubt exists as to whether

a qualified bid should be accepted;

(2) Prior to making a determination, when a disagreement as to a material fact exists between the Sales Contracting Officer and the purchaser;

(3) Where the contractor or subcontractor decline to effect the sale of termination inventory.

(d) For Review:

(1) All cases of mistakes in bids alleged or disclosed after award shall be reviewed by the Chief of Naval Material and referred to the Comptroller General for decision;

(2) Prior to presentation to the General Accounting Office, purchasers' claims for relief.

(e) For Instruction: Prior to any further action, any dispute arising out of the cancellation of a sales contract for default.

(f) For Information: Copies of each sales invitation or sales letter applicable to contractor-conducted or Government-conducted sales of termination and nontermination inventory.

3. Documentation For Referrals to ONM. Copies of the following documents shall be submitted by the disposal office whenever request is made to ONM for approval of proposed negotiated sales or retentions:

(a) Applicable inventory schedules.

(b) Request for Disposal Action, NAVEXOS 4253.

(c) Disposal Determination/Approval, NAVEXOS 4281.

b. Function of Property Disposal Review Board

1. The function of the Property Disposal Review Board is to consider the recommendations submitted by the disposal officer and approve or disapprove proposed disposal actions set forth in

subparagraph a. 1., above. The disposal officer is responsible for the adequacy of disposal determinations and recommendations made by disposal personnel. This responsibility may not be redelegated. The Review Board is responsible for evaluating proposed actions from the standpoint of propriety (conformance with existing regulations), soundness of judgment, and protection of the Government's interest. Review Board decisions shall be based upon supporting data presented to it. Disposal offices shall insure that actions submitted to the Board are fully documented. Submissions to the Board shall be accomplished by the use of NAVEXOS 4281.

2. The Review Board should assure that scrap determinations clearly specify why the property is considered as having value for its material content only; that salvage determinations fully and correctly indicate why the property is not usable for its original purpose and the portion which is salvageable; and that abandonment determinations include an explanation as to why the property is worthless and what effort was made for disposal, including donation.

3. The Review Board should assure that acquisitions and noncompetitive sales are authorized only pursuant to the criteria set forth in 212108; that competitive sales are adequately planned and advertised; produce a reasonable and satisfactory bid response; and that the proposed award will be made to that responsible bidder whose bid is more advantageous to the Government, price and other factors considered, provided that such price is fair and reasonable in the light of adequate knowledge or test of the market.

4. Where the Board cannot satisfy itself regarding the determination and recommendation made by the disposal officer, it is free to inspect the property at the contractor's plant. Such action should normally be initiated only after all information furnished to the Board is found to be insufficient or unconvincing.

212112. Property Disposal Determinations

a. General. Written determinations justifying the following disposal actions shall be prepared by the disposal office and

made part of the case file documentation:

1. Disposition as salvage.
2. Disposition as scrap (not required for production scrap).
3. Disposition by abandonment.
4. Disposition by noncompetitive sales.

NAVEXOS 4281 shall be used whether or not Review Board approval is required.

b. Scrap and Salvage. While the reporting activity is responsible for submitting scrap and salvage recommendations, the disposal office is responsible for making final determinations thereon. If the disposal office does not concur with a scrap or salvage recommendation, and revised inventory schedules are required as a result of such nonconcurrence, the reporting activity shall be requested to obtain revised schedules from the contractor. In approving the sale of scrap material, the disposal office may, in appropriate circumstances, authorize the consolidation of such sales with the supplier's sales of scrap generated from other work and, in such cases, may waive the scrap warranty requirement.

c. Scrap Warranty. Except as provided for in b. above, a Scrap Warranty (see NAVEXOS 4268 in Part D of this chapter) shall be obtained from the consignee when contractor inventory is disposed of as scrap.

d. Release of Scrap Warranty

1. A scrap warranty may be released on behalf of the Government by the cognizant disposal office, under the following conditions:

(a) The consideration to the Government for the release shall be the difference between:

- (1) The amount at which the material was acquired or sold as scrap, and
- (2) An amount not less than that which the material would bring were it then sold or acquired for purposes other than for use as scrap, at a fair and reasonable price.

(b) The release of the scrap warranty on behalf of the Government will be given by the Government and the consideration will be paid to the

Government even though the contract containing the warranty was not made directly with the Government.

(c) In the event of resale of such material as scrap, the seller should obtain an appropriate scrap warranty from the purchaser thereof. Upon tender of this warranty to the Government, the seller shall be released by the Government from liability under his own warranty.

2. The disposal office shall inform the reporting activity of each request for release of a scrap warranty applicable to a continuing contract or to an unsettled terminated contract.

3. A supplemental Inventory Disposal Report, NAVEXOS 3575, covering additional proceeds derived from each scrap warranty release shall be prepared and issued by the disposal office, as necessary.

212113. Reports of Fraud in Connection With Property Disposal

a. Definition. For the purpose of this chapter, the term "fraud" is defined as any willful means of taking or attempting to take unfair advantage of the Government including, but not limited to, the offer of or payment of bribes, offer of or giving of gratuities, making of false statements, submission of false claims, conversion or misuse of Government property, use of false weights or measures, evasion or corruption of disposal personnel and other officials, deceit (either by suppression of the truth or misrepresentation of a material fact), adulteration or substitution of materials, falsification of records and books of account, arrangements for secret profits or commission, and conspiracy to use any of these devices.

b. Reporting Procedures. Personnel in the Naval Establishment who have reason to suspect or have knowledge of any fraud in connection with procurement or property disposal shall report the same, immediately, through the cognizant command to the nearest commandant (district intelligence officer). A copy of the report to the commandant and a copy of each endorsement thereon shall, at the time of its transmittal, be sent directly to the Chief of Naval Material and to the cognizant management bureau or office.



PART C. STATISTICAL ACCOUNTING FOR SURPLUS  
CONTRACTOR INVENTORY212200. Accounting Documents and  
Procedures

a. General. The statistical accounting system described in this part provides a uniform procedure for accounting for disposition of surplus contractor inventory. In addition, this system furnishes data for property disposal reports which the disposal office is required to make to the reporting activity for each property disposal case.

b. Case Ledger Sheet

1. Preparation. A case ledger sheet for Contractor Inventory, NAVEXOS 3718, providing a complete history of disposal actions taken, shall be prepared for each disposal case upon receipt and acceptance thereof. The initial entry shall be the total acquisition cost of the property, posted as a receipt. Each disposal action shall be posted as an expenditure. The information required for preparation of the case ledger sheet shall be obtained from the Request For Disposal Action, NAVEXOS 4253.

2. Posting. Postings shall be made as disposal actions are consummated, from basic documents or memorandum forms (see Suggested Format No. 4 in Part D of this chapter) predicated upon such basic documents. For transactions consummated by the disposal office, the basic document is the invoice (DD Form 1149) covering sales, transfers, abandonments, (plant equipment) and donations. For contractor sales or acquisitions approved by the disposal office, the authorizing or approving document will constitute the basic document.

3. Coding. Each receipt and expenditure shall be coded at the time of posting in accordance with the coding system used in preparing the monthly Report of Disposition of Private Plant Personal Property, NAVEXOS 3123.

4. Posting to Journal. A Journal of Receipts and Dispositions, NAVEXOS 4283 (see Part D of this chapter), shall be prepared to provide a complete, itemized record of all transactions consummated during each month for compilation of the NAVEXOS 3123

report. A separate Journal shall be prepared for "F" cases and all other disposal cases. Postings to the Journal shall be made from individual case ledger sheets.

5. Reconciling Case Ledger Sheets and Journal of Dispositions. The disposal office shall assure that the entries reflected in the case ledger sheets agree with those in the Journal of Dispositions. Receipts and expenditures posted to case ledger sheets shall be totaled and reconciled with similar totals in the Journal of Dispositions. Such action shall be taken after periodic postings to the Journal or prior to preparation of the monthly Report of Disposition of Private Plant Personal Property, NAVEXOS 3123.

6. Maintenance and Disposal of Case Ledger Sheets. All active ledger sheets shall be maintained numerically by case number, segregated as to "F" cases and other cases. After all dispositions have been posted on the ledger sheet and the case is closed, it shall be inserted in the case folder.

c. Inventory Disposal Report NAVEXOS 3575. Upon the complete disposition of all surplus inventory under a disposal case, the disposal office shall furnish the reporting activity with an Inventory Disposal Report, NAVEXOS 3575, accounting for all inventory reflected in the inventory schedules pursuant to instructions contained in 211505.

d. Disposal Case File Documentation. Disposal case files of the disposal office shall include a record of all actions taken in effecting disposition. This record shall include:

1. Fiscal data.
2. Copies of the inventory schedules and disposal request.
3. Copies of contractor's approved sales contracts or retention authorization.
4. Property Disposal Review Board correspondence.
5. Government shipping instructions.

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6. Scrap, salvage and abandonment determinations.

7. Sales contracts executed by the disposal office.

8. Any other basic document substantiating disposition.

e. Closing the Disposal Case. A disposal case shall not be reported as completed until:

1. All property has been physically removed from the contractor's plant as a result of approved disposal actions;

2. All basic disposition documents required by this chapter have been accomplished by the reporting office, the contractor, etc., as applicable, and have been filed in the case jacket;

3. The acquisition cost of expenditures has been reconciled with the acquisition cost of property received for disposition; and

4. The face of the folder has been stamped with the notation "Date Completed \_\_\_\_\_" and the applicable date inserted.

#### 212201. Review Procedures

a. Review by the Disposal Office. The disposal office shall arrange for the review of each completed disposal case, promptly, after the completion of each case. Disposal Case Review Record, NAVEXOS 4284, set forth in Part D of this chapter, shall be utilized for documenting the results of each case reviewed.

#### b. Audit by Supervising Inspector of Naval Material

1. Inspectors designated in Table A of Chapter 11 shall furnish a monthly report to their cognizant Supervising Inspector of Naval Material listing all disposal cases completed (by case number) during the preceding month.

2. Supervising Inspectors of Naval Material shall review and audit completed disposal cases on a quarterly basis. The audit should assure that disposal actions taken were proper and in accordance with existing regulations, and that adequate documentation of disposal actions are contained in the disposal case file. The scope of the audit shall be determined by the Supervising Inspector, but as a minimum shall include those cases noted in (a) and (b)

below for any one month in each quarter (as selected by the SUPINSMAT Office):

(a) All cases which required Property Disposal Review Board approval.

(b) A selective sampling of all other cases.

3. Each disposal activity shall be furnished with a written report detailing the results of the quarterly audit by the Supervising Inspector. A copy of each report shall be forwarded to the Chief of Naval Material (FOD) by the Supervising Inspector of Naval Material. (Report symbol is ONM 4545-1.)

#### 212202. Disposal Period

##### a. Timeliness of Disposal Actions

Disposal offices shall strive to effect plant clearance of surplus property within the shortest period consistent with efficient operations. Every effort shall be made to reduce the backlog of disposal cases at each disposal office so as not to exceed a 2-month average workload.

##### b. Delinquent Cases

Disposal cases which have been on hand in excess of 90 days and have not been closed shall be considered delinquent and special effort shall be made to accomplish final disposition. Where the backlog of any disposal office at the end of any month equals or exceeds a 3-month average workload, an explanation will be included with the Report of Disposition of Private Plant Personal Property, NAVEXOS 3123. (Report 4500-2.)

#### 212203. Report of Disposition of Private Plant Personal Property

a. Disposal Office. Report of Disposition of Private Plant Personal Property, NAVEXOS 3123, shall be prepared monthly and shall be submitted by the fifth day of the month reported on, in accordance with the following:

1. Inspectors designated in Table A of Chapter 11 shall prepare form NAVEXOS 3123 to report all receipts and expenditures of surplus contractor inventory pursuant to the provisions of

## PART D. FORMS AND RELATED INSTRUCTIONS

212300. Prescribed Forms for Disposal  
Operations

a. Except where otherwise indicated, the forms illustrated in this part shall be utilized in accomplishing the disposal actions outlined in this chapter. These forms replace the various local forms being used to effect redistribution and disposal of surplus contractor inventory. Where special conditions in individual situations prevent the use of a form prescribed herein, disposal activities may use a letter to

meet the specific requirements incident to disposition.

b. Where the experience of a disposal activity or Supervising Inspector indicates the necessity for revision of existing forms or introduction of additional disposal forms, such information shall be transmitted to the Chief of Naval Material, through appropriate channels.

c. Illustrations of the forms used in disposal operations and instructions for their use are set forth in the following pages.

DISPOSAL CROSS-REFERENCE CARD NAVEXOS-4261				
CONTRACTOR <u>G. E. Byers Company</u>				
ADDRESS <u>1800 Main Ave. Evanston, Illinois</u>				
CASE NUMBER	CONTRACT NUMBER	REPORT NUMBER	REMARKS	DATE COMPLETED
CHI-2218	NOrd 67890	N-22-91772-58		July 29, 1958
CHI-2322	NOa(s) 54-887	N-31-91772-58		Aug 11, 1958
CHI-3117	NOa(s) 53-1021	N-11-91772-59		

Figure 12-la. Disposal Cross-Reference Card, NAVEXOS-4261

- PURPOSE:** To provide an alphabetical cross-reference by contractor for property disposal cases, which are logged in and maintained in numerical sequence.
- WHEN PREPARED:** Initially, for each contractor in possession of surplus property representing an active property disposal case.
- INSTRUCTIONS:** In addition to the name and address of the contractor in possession, each case number should be inserted, together with the applicable contract number and declaration number. As each case is completed the completion date should be inserted in the appropriate column. Supplemental information may be inserted under remarks.
- The reverse side of the card may be utilized and additional cards may be attached as required.
- When all cases have been completed the card should be removed to an inactive file. Upon receipt of an additional referral the new case number and other identifying data should be inserted and the card returned to the active file.

Figure 12-lb. Instructions for use of Disposal Cross-Reference Card, NAVEXOS-4261

CASE NO.

From: Inspector of Naval Material  
To:

Subj: Surplus property available for transfer without exchange of funds; request for screening of

Encl: (1) List of available property

1. The property listed in the enclosure is available for transfer without reimbursement except for transportation charges as applicable. Requests will be honored in the order in which received.
2. If all of the property listed, or any portion thereof, can be utilized, a written request therefor, indicating the material desired, identified by item and page number, and including shipping instructions, should be transmitted to this office. Activities outside the Department of the Navy requesting shipment are required to furnish information relative to the appropriation and allotment chargeable in connection with transportation costs.
3. Since this office is obligated to remove the material within a specified period, it is important that your reply be received on or before
4. In order to expedite further disposition, it is requested that enclosure (1) be returned.

By direction

Local Area Screening Request  
NAVEXOS-4262

Figure 12-2a. Local Area Screening Request, NAVEXOS-4262

- PURPOSE:** To provide for local area screening of surplus contractor inventory by Department of Defense activities.
- WHEN USED:** Whenever selective screening is considered appropriate based upon the criteria set forth in Article 212102 of this chapter.
- INSTRUCTIONS:** A separate form letter should be routed to each selected activity.
- A closing date providing 15 calendar days following release of the form letter for screening purposes should be inserted at the end of paragraph three thereof.
- Final disposal action should be withheld during this 15-day period.
- Where more than one screening activity is selected, requests received from Department of Defense activities should be honored in the order in which received during the screening period.

Figure 12-2b. Instructions for use of Local Area Screening Request, NAVEXOS-4262

From: Inspector of Naval Material  
To:

Subj: Release of Surplus Property - Case No.

Encl: (1) Invoice No. (copies 1 through 7)

1. Release of subject property is herewith authorized in accordance with the applicable box checked below:

- ☐ a. The property listed in enclosure (1) has been sold by this office, and payment in full has been received. Accordingly, Requisition and Invoice/Shipping Document DD-1149 is forwarded with a request that the property described therein be released to the purchaser or his authorized agent, upon demand.

Since this property was sold on an "as is - where is" basis, the cost of packing, loading and removal is to be borne by the purchaser and in no instance shall a Government Bill of Lading be used in conjunction with the shipment of this material.

- ☐ b. The property listed in enclosure (1) is being transferred or donated without exchange of funds pursuant to existing regulations. Accordingly, invoice form DD-1149 is forwarded with a request that the property described therein be released in accordance with instructions contained in block 3 of enclosure (1).

2. All copies of the invoice should be completed to indicate date, method of shipment and any variation in actual quantities shipped. Distribution of the invoice should be accomplished as follows:

COPY

1.2 To accountable activity. (If plant account property, attach retained copy of property record card(s).

3 To be certified by shipping inspector and returned to Disposal Office, and in addition:

- ☐ a. Certify as to weight of lot(s).  
☐ b. Attach copy of certified weight slip.  
☐ c. To be receipted by consignee's representative (if pick up).

4 Deliver to contractor in possession of property.

- 5 ☐ a. Attach to consignee's copy of bill of lading or forward to consignee with property (for transfers).  
☐ b. Distribution not required (if property sold).

6 Pack with property (or deliver to purchaser).

7 Retain for record purposes.

By direction

Release of Surplus Property  
NAVEXOS-4264

Figure 12-3a. Release of Surplus Property NAVEXOS-4264

**PURPOSE:** To provide the reporting activity with authority to release surplus property (where title is in the Government), and to provide Requisition and Invoice/ Shipping Document DD 1149 for certification and distribution.

**WHEN USED:** Whenever property is transferred or donated without exchange of funds or is sold as a result of a Government-conducted Sale.

**INSTRUCTIONS:** Letter should be addressed to reporting activity. Block 1.a. should be checked where release is being authorized as the result of a Government-conducted Sale.

Block 1.b. should be checked where release is being authorized without exchange of funds, for transfer or donation purposes.

With respect to invoice distribution under paragraph 2, check item 3a or 3b, as appropriate, for scrap sales, or 3c, if transfer or donation is to be accomplished by pick-up.

Below is surplus to the requirements of the Department of  
is authorized as follows:

☐

SALVAGE

☐

SCRAP

ENCESCHEDULEPAGEITEM

A suggested format for use in soliciting bids is forwarded as enclosure (1). Its use is optional and the terms and conditions of sale may be determined by you. A list of bidders to be circularized is forwarded as enclosure (3). Bids should also be solicited from any other potential outlets known to you. Distribution for material readily identified by brand name or trade mark should include the original manufacturer. You may submit a bid in the same manner and concurrently with other bids.

Additional information regarding the notice of sale is indicated below:

Number assigned and which should appear thereon:  
Approval of draft of notice of sale (will)(will not) be required.  
Advertisement of the sale in a newspaper of general circulation (will)  
(will not) be required.  
Number of copies in final form to be furnished this office:

General instructions for preparing notice of sale and for opening of bids are transmitted as enclosure (2). This office may be contacted for assistance in the preparation of the notice of sale. Award of the property is subject to the prior approval of this office and appropriate instructions for consummating the sale thereof will be forwarded after the date of bid opening.

Very truly yours,

Encl:

- (1) Sample Sales Letter/Invitation
- (2) General Instructions to Contractor
- (3) List of Bidders

Copy to:

AUTHORIZATION FOR FORMAL SALE  
NAVEXOS-4265

Figure 12-4a. Authorization For Formal Sale, NAVEXOS-4265



SAMPLE SALES LETTER FOR SALE BY CONTRACTOR  
NAVEXOS-4265 (ENCLOSURE 1 - front)

(Contractor's Name and Location)

ADDRESS REPLY TO:

.....  
(Date)

SALES LETTER NO.....

#### SALE OF PROPERTY - REQUEST FOR QUOTATION

The material described on the reverse is offered for sale "as is", "where is", with cost of packing, loading and removal to be borne by the purchaser.

It is suggested that all interested buyers visually inspect this material prior to submitting quotations. Inspections can be made daily from (A.M.) ..... to (P.M.) ..... Saturdays and Sundays excepted, closing on (use date three weeks from date of distribution of Sales Letter).

It is requested that you submit a quotation for the material to  
on or before (closing date of sale). Your quotation should be entered in the space provided.

This is not an offer but a solicitation only. If the sale is approved on the basis of your quotation, you will be advised in order that the sale may be consummated. Payment in full will be required prior to release of the property.

.....  
(Signature and title of contractor's representative)

SALES LETTER NO .....

#### QUOTATION

In response to the above request, the undersigned offers to purchase the items described herein at the following price:

QUOTED PRICE - LOT NO. 1	\$.....PER
QUOTED PRICE - LOT NO. 2	\$.....PER
QUOTED PRICE - LOT NO. 3	\$.....PER
QUOTED PRICE - LOT NO. 4	\$.....PER
QUOTED PRICE - LOT NO. 5	\$.....PER
QUOTED PRICE - LOT NO. 6	\$.....PER
QUOTED PRICE - LOT NO. 7	\$.....PER
QUOTED PRICE - LOT NO. 8	\$.....PER
QUOTED PRICE - LOT NO. 9	\$.....PER

..... BY:.....  
(Name of Bidder) (Signature)

..... (Title)  
(Address of Bidder)

Figure 12-4b. Sample Sales Letter For Sale By Contractor,  
NAVEXOS-4265 (Enclosure 1 - front)

LOCATION OF PROPERTY

LOT	DESCRIPTION	QUANTITY	UNIT	CONDITION

NAVEXOS-4265 (ENCLOSURE 1 - back)

Figure 12-4c. Sample Sales Letter For Sale By Contractor,  
NAVEXOS-4265 (Enclosure 1 - back)

## General Instructions to Contractor

**DESCRIPTION:** Description of property must be adequate for identification by prospective buyer. Accuracy is essential and commercial terminology desirable insofar as practicable. The original manufacturer and brand name should be included, if appropriate. When material is boxed or packaged information as to type of packaging should be included.

**CONDITION:** Condition should be stated as "used" or "unused". If unused property is still in manufacturer's original containers, a statement to that effect should be included.

**LOTING:**

- a. Unused property should be lotted by make or manufacturer except when quantities or dollar values are small.
- b. Commercially similar items should be lotted together, when practicable.
- c. Large quantities of similar items should be lotted in such a way as to encourage bidding by small businesses or individuals.
- d. Generally, among commercially similar or related items, used items should be lotted separately from unused items, provided the quantities are large.
- e. Acquisition costs for usable property should be indicated beside each item to be sold.

**SALE BASIS:**

- a. Unit Price Basis. The sales offering should require the bid price to be stated in terms of quantity or weight according to standard commercial practice. The unit used for requesting bids must be the same as that used in stating the quantity being sold.
- b. Lot Price Basis. When a sales offering is made on a lot price basis bids should be requested only for the entire lot. Use of the lot price basis is discouraged as in such cases no adjustment can be made. The lot price basis should be used only when the material offered cannot be sold by unit measure or has a small monetary return.

**NEWSPAPER ADVERTISING:** When newspaper advertising is required compliance with the following instructions is mandatory:

**OPENING OF BIDS:** All bids should be submitted to

.....  
(Disposal Activity)

.....  
(Contractor)

If bids will be submitted to and opened by the contractor, the \_\_\_\_\_

\_\_\_\_\_ is required to witness the opening and recording thereof. An abstract of bids should be prepared by the contractor and submitted to the disposal office twenty-four hours after the date of bid opening.

NAVEXOS-4265 (ENCLOSURE 2)

Figure 12-4d. General Instructions to Contractor, NAVEXOS-4265 (Enclosure 2)

**PURPOSE:** To authorize a contractor-conducted sale of surplus property.

**WHEN USED:** Whenever competitive bid sale by Invitation or Sales Letter is selected as the appropriate method of soliciting bids based on type, quantity and condition of property available for disposition.

The use of this form letter does not preclude a conference with the contractor to discuss sales procedures when deemed appropriate.

**DISTRIBUTION:** One copy to the reporting activity.

Original to contractor in possession; if applicable to Government property in possession of subcontractor, copy to accountable contractor.

One copy for case file.

**INSTRUCTIONS:** Appropriate box should be checked to indicate category of property to be offered for sale.

Applicable case number, contract number, contractor's reference number, schedule, page and item of property to be sold should be identified in spaces provided.

Assigned invitation or Sales number should be inserted in space provided.

Appropriate box should be deleted to indicate whether a draft of the Invitation or Sales Letter is required to be submitted to the disposal activity for approval.

Appropriate box should be deleted to indicate whether newspaper advertising is required in conformance with Article 212106.c.1.(b) of this chapter.

Number of copies of Invitation or Sales Letter required by the disposal activity should be indicated in the space provided.

A sample Sales Letter should accompany the form letter. In cases where use of a more formal catalog specifying conditions and terms of sale and including a deposit requirement is considered desirable, Standard Form 114 in lieu of a sample Sales Letter should accompany the form letter.

Inapplicable format should be deleted from enclosure (1).

Instructions indicating the location for bid openings should be inserted in enclosure (2). Where bids are to be opened at the contractor's plant, the Government activity scheduled to witness such opening should be named.

An appropriate list of bidders should be included as enclosure (3).

Gentlemen:

The property identified below is surplus to the requirements of the Department of Defense and sale thereof is authorized as follows:

☐ USABLE                      ☐ SALVAGE                      ☐ SCRAP

CASE NUMBER      CONTRACT NUMBER      REFERENCE      SCHEDULE      PAGE      ITEM

It is requested that bids for this material be solicited by informal competitive bidding from at least local dealers. Sales number should appear on the notice of sale. Bids should be solicited on the following basis:

☐ Lot Price Basis                      ☐ Unit Price Basis                      ☐ Weight basis

All bids received:

☐ Should be opened by you in the presence of a representative of  
An abstract of bids should be prepared by you and submitted to this office twenty-four hours after the date of bid opening.

☐ Should be submitted unopened to this office by

A bid may be submitted by you in the same manner and concurrently with other bids.

Disposition instructions will be issued to you by this office upon receipt of the item(s) designated above.

Very truly yours,

Authorization For Informal Sale  
NAVEXOS-4266

**PURPOSE:** To authorize a contractor-conducted sale of surplus property.

**WHEN USED:** Whenever informal competitive bidding is selected as the appropriate method of soliciting bids based on type, quantity and condition of property available for disposition.

The use of this form does not preclude a conference with the contractor to discuss sales procedures, when deemed appropriate.

**DISTRIBUTION:** One copy to reporting activity.

Original to contractor in possession, if owning or accountable contractor; If Government property in possession of a subcontractor, copy to accountable contractor.

One copy for case file.

**INSTRUCTIONS:** Appropriate box should be checked to indicate category of property to be offered for sale.

Applicable case number, contract number, contractor's reference number, schedule, page and item of property to be sold should be identified in spaces provided.

Insert the number of bids to be solicited. The number specified should not generally be less than three.

Appropriate box should be checked to indicate basis on which bids should be solicited.

Applicable instructions for opening of bids should be checked. In addition, insert the name of the Navy inspection office which will witness the bid opening, or the closing date for submission of bids, depending upon the instructions which apply.

Gentlemen:

This letter is written to indicate Government approval of the sale or acquisition by you of certain property which was listed on inventory schedules applicable to contract

The following are the items for which sale or acquisition is hereby approved, at the prices and subject to the special requirements indicated:

<u>DESCRIPTION AND AMOUNT OF PROPERTY</u>	<u>TYPE OF PROPERTY</u>	<u>PRICE</u>	<u>TYPE OF TERMINATION SPECIAL REQUIREMENT</u>
---	-----------------------------	--------------	--

Approval of Acquisition/Sale  
NAVEXOS-4267

Figure 12-6a. Approval of Acquisition/Sale, NAVEXOS-4267

**PURPOSE:** To approve acquisition or sale to a third party by contractor.

**WHEN USED:** Whenever contractor's acquisition or sale of property is approved.

**DISTRIBUTION:** Original to contractor.  
Copy to reporting activity.  
Copy for case file.

**INSTRUCTIONS:** Identify contract number in paragraph one. If subcontract, also identify purchase order number.

Reference to inventory schedule, page, and item numbers should be included in description. In the event of more than one submission of schedules under the contract, include appropriate reference number of contractor. Quantity and unit of measure should also be included.

Insert appropriate category, i.e., scrap, salvage or serviceable under "Type of property." Approved price per lot or approved unit price should be inserted.

Under "Type of transaction" should be inserted "Acquisition" or "Sale to (name of bidder whose quotation has been approved)." If type of property is scrap, "scrap warranty" should be inserted as "special requirement."

Letter should be completed by inserting additional instructions as appropriate for consummating transaction and should specify requirements with respect to reimbursement, execution of scrap warranty if applicable, evidence of delivery, etc.

Where scrap warranty is required, two copies of scrap warranty form, identified as to applicable case number, contract number, schedule, page, item and quantity of property, should be enclosed for execution by the contractor if the transaction is an acquisition, or by the purchaser if the transaction is a sale to a third party.

Figure 12-6b. Instructions for use of Approval Of Acquisition/Sale, NAVEXOS-4267

SCRAP WARRANTY

This warranty is applicable to property identified below:

<u>CASE NO.</u>	<u>CONTRACT NO.</u>	<u>SCHEDULE</u>	<u>PAGE</u>	<u>ITEM</u>	<u>QUANTITY</u>
-----------------	---------------------	-----------------	-------------	-------------	-----------------

In consideration of the transfer to the undersigned of the property covered by this Agreement at a value based upon its being used as scrap, the undersigned represents and warrants to the United States as follows:

- (1) The property covered by this Agreement will be used only as scrap, either in its existing condition or after further preparation, unless and until the undersigned is released from this warranty.
- (2) In the event the undersigned is released from this warranty, any payment agreed on as consideration for such release shall be made to the United States, regardless of whether this warranty shall have been executed at the request of the United States.
- (3) In the event the undersigned sells the property covered by this Agreement prior to release of this warranty, the undersigned will obtain from the purchaser and tender to the United States a warranty identical to this executed by the purchaser, and upon receipt of such other warranty this warranty will be released by the United States.
- (4) All obligations of the undersigned under this warranty shall expire five years from the date hereof.

.....  
(Signature) (Name)

.....  
(Address) (Date)

Navexos-4268

Figure 12-7. Scrap Warranty, NAVEXOS-4268



STANDARD FORM 114  
MARCH 1960  
PRESCRIBED BY GENERAL  
SERVICES ADMINISTRATION  
REGULATION 1-IV-302-00*Sale*GOVERNMENT  
PROPERTYPAGE NO. 1 OF 15 PAGES OF  
INVITATION NO. B-6-62-62776  
DATED 21 November 1961Sealed bids in original only  
subject to the terms and conditions set forth herein, for  
the purchase and removal of the Government-owned prop-  
erty listed in this invitation, will be received until the time,  
date, and at the place indicated below, and then publicly opened.TIME OF OPENING 1:00 P. M. E.S.T. TIME  
DATE OF OPENING 14 December 19 61  
PLACE OF OPENING Inspector of Naval Material  
495 Summer St., Boston, Mass.BID DEPOSIT OF 20 % OF TOTAL AMOUNT OF BID IS REQUIREDINSPECTION INVITED BETWEEN 8:30A M AND 2:30P M from 23 November to  
13 December 1961, Monday thru Friday, excluding holidays, BY APPOINTMENT  
ONLY ARRANGE WITH See Page 2 for full details TELEPHONE \_\_\_\_\_ISSUED BY Inspector of Naval Material, Contract Termination Dept. (Sales)  
ADDRESS 495 Summer St., Boston, Mass. Tel: LI 2-5100, Ext. 509 & 564  
PROPERTY LOCATED AT See Page 2 for details

114-106

Figure 12-8 Invitation Title Page, Standard Form 114

STANDARD FORM 114-A MARCH 1960 PRESCRIBED BY GENERAL SERVICES ADMINISTRATION REGULATION I-IV-302.00	<b>SALE OF GOVERNMENT PROPERTY BID AND AWARD</b>		
<table style="width: 100%;"> <tr> <td style="width: 40%; text-align: center;"> <b>BID</b> (This Section to be completed by the Bidder)         </td> <td style="width: 60%;">           DATE OF BID _____         </td> </tr> </table>		<b>BID</b> (This Section to be completed by the Bidder)	DATE OF BID _____
<b>BID</b> (This Section to be completed by the Bidder)	DATE OF BID _____		
<p>In compliance with the Invitation identified on the cover page hereof, and subject to all the General Sale Terms and Conditions (Standard Form 114-C, March 1960 Edition), and any Special Conditions contained in the Invitation, all of which are incorporated as a part of this Bid, the undersigned offers and agrees (as set forth in Condition No. 3 of Standard Form 114-C), if this Bid be accepted within _____ calendar days (60 calendar days if no period be specified by the Government or by the Bidder, but not less than 10 calendar days in any case) after date of Bid opening, to purchase and pay for any or all of the items or lots of property listed on the attached Item Bid page(s) <u>4, 5 and 6</u> (and, if a detailed description of property is furnished with this Invitation, as more particularly set forth therein) upon which prices are bid, at the price set opposite each item or lot, and unless otherwise specified in the description or in any Special Conditions, to remove the property within <u>10</u> calendar days (10 calendar days if no period specified) after notice of acceptance by the Government. The total amount bid is \$ _____ and attached is the required bid deposit in the form of _____, in the amount of \$ _____.</p> <p><i>(Envelopes containing bids must be sealed and marked on the face with the name and address of the Bidder, the Invitation number and the date and hour of opening.)</i></p> <p><b>BIDDER REPRESENTS:</b> (Check appropriate boxes)</p> <ol style="list-style-type: none"> <li>1. That he <input type="checkbox"/> is, <input type="checkbox"/> is not, a small business concern. (See Standard Form 114-C for definition of small business and small business classifications referred to in 2, hereinbelow.)</li> <li>2. If Bidder represents he is a small business concern, he further represents his applicable classification as: (Check one) <input type="checkbox"/> (a); <input type="checkbox"/> (b); <input type="checkbox"/> (c); <input type="checkbox"/> (d).</li> <li>3. (a) That he <input type="checkbox"/> has, <input type="checkbox"/> has not, employed or retained any company or person (other than a full-time bona fide employee working solely for the Bidder) to solicit or secure this contract, and (b) that he <input type="checkbox"/> has, <input type="checkbox"/> has not, paid or agreed to pay any company or person (other than a full-time bona fide employee working solely for the Bidder) any fee, commission, percentage or brokerage fee, contingent upon or resulting from the award of this contract; and agrees to furnish information relating to (a) and (b) above as requested by the Contracting Officer. (For interpretation of the representation, including the term "bona fide employee," see Code of Federal Regulations, Title 44, Part 150.)</li> </ol>			
NAME AND ADDRESS OF BIDDER (Street, city, zone, and State. Type or print)	SIGNATURE OF PERSON AUTHORIZED TO SIGN BID  SIGNER'S NAME AND TITLE (Type or print)		
<table style="width: 100%;"> <tr> <td style="width: 40%; text-align: center;"> <b>ACCEPTANCE BY THE GOVERNMENT</b> (This Section for Government use only)         </td> <td style="width: 60%;">           DATE OF ACCEPTANCE _____         </td> </tr> </table>		<b>ACCEPTANCE BY THE GOVERNMENT</b> (This Section for Government use only)	DATE OF ACCEPTANCE _____
<b>ACCEPTANCE BY THE GOVERNMENT</b> (This Section for Government use only)	DATE OF ACCEPTANCE _____		
<table style="width: 100%;"> <tr> <td style="width: 40%;">           ACCEPTED AS TO ITEMS NUMBERED _____         </td> <td style="width: 60%;">           UNITED STATES OF AMERICA             BY <u>J. T. YUREWICZ</u>            (Contracting Officer)         </td> </tr> </table>		ACCEPTED AS TO ITEMS NUMBERED _____	UNITED STATES OF AMERICA  BY <u>J. T. YUREWICZ</u> (Contracting Officer)
ACCEPTED AS TO ITEMS NUMBERED _____	UNITED STATES OF AMERICA  BY <u>J. T. YUREWICZ</u> (Contracting Officer)		
TOTAL AMOUNT \$ _____	<table style="width: 100%;"> <tr> <td style="width: 33%;">           CONTRACT NUMBER <u>N62776-</u> </td> <td style="width: 67%;">           TITLE OF CONTRACTING OFFICER <b>PROPERTY DISPOSAL DIVISION SUPERVISOR</b> </td> </tr> </table>	CONTRACT NUMBER <u>N62776-</u>	TITLE OF CONTRACTING OFFICER <b>PROPERTY DISPOSAL DIVISION SUPERVISOR</b>
CONTRACT NUMBER <u>N62776-</u>	TITLE OF CONTRACTING OFFICER <b>PROPERTY DISPOSAL DIVISION SUPERVISOR</b>		
<p>B-6-62-62776, opening 1:00 P.M., 14 December 1961</p> <p>INSMAT Boston Case Nos. BOS-5821-F; 5889-F; 6019-F; 6127-F; 6205-F; 6286-F; 6297-F; 6304-F; 6322-F</p>			

114-204

Figure 12-8a. Bid and Award Page, Standard Form 114A

STANDARD FORM 114-B MARCH 1960 PRESCRIBED BY GENERAL SERVICES ADMINISTRATION REGULATION 1-IV-302.00		SALE OF GOVERNMENT PROPERTY ITEM BID PAGE		PAGE NO. 5	INVITATION NO. B-6-62-62776	
				TO BE SUPPLIED BY BIDDER		
ITEM NO.	ARTICLES FOR SALE	QUANTITY (No. of Units)	UNIT OF MEASURE	PRICE BID PER UNIT	TOTAL PRICE BID	
					DOLLARS	CENTS
27.	Drill Upright, NID 92666/101063	1	ea.			
28.	Drill Upright, NID 92666/101064	1	ea.			
29.	Form Grinder, NID 92666/100682	1	ea.			
30.	Form Grinder, NID 92666/101314	1	ea.			
31.	Form Grinder, NID 92666/101318	1	ea.			
32.	Form Grinder, NID 92666/101320	1	ea.			
33.	Airfoil Grinder, NID 92666/175356	1	ea.			
34.	Airfoil Grinder, NID 92666/175357	1	ea.			
35.	Drill, NID 92666/059626	1	ea.			
36.	Drill, NID 92666/100254	1	ea.			
37.	Drill, NID 92666/100255	1	ea.			
38.	Drill, NID 92666/100259	1	ea.			
39.	Drilling Machine, NID 92666/000700	1	ea.			
40.	Shear, NID 92666/175122	1	ea.			
41.	Shear, NID 92666/175123	1	ea.			
42.	Cutter & Tool Grinder, NID 92666/100972	1	ea.			
43.	Cutter & Tool Grinder, NID 92666/100976	1	ea.			
44.	Special Mill, NID 92666/102355	1	ea.			
45.	Special Mill, NID 92666/102356	1	ea.			
46.	Sizing Machine, NID 92666/102823	1	ea.			
47.	Grinder, NID 92667/000139	1	ea.			
48.	Sensitive Drill, NID 92667/000230	1	ea.			
49.	Automatic Stub Lathe, NID 92667/000233	1	ea.			
50.	Internal Grinder, NID 92667/000481	1	ea.			
BIDDER IS CAUTIONED TO INSPECT THE PROPERTY				NAME OF BIDDER (Type or print)		
BIDDER'S NAME SHOULD APPEAR ON EACH ITEM BID PAGE CONTAINING A BID						

114-302

Figure 12-8b. Item Bid Page, Standard Form 114B

DO NOT RETURN WITH BID

STANDARD FORM 114-C  
MARCH 1960 EDITION  
PRESCRIBED BY GENERAL  
SERVICES ADMINISTRATION  
REGULATION 1-IV-302.00

SALE OF GOVERNMENT PROPERTY  
GENERAL SALE TERMS AND CONDITIONS

1. **INSPECTION.** The Bidder is invited, urged, and cautioned to inspect the property to be sold prior to submitting a bid. Property will be available for inspection at the places and times specified in the Invitation. In no case will failure to inspect constitute grounds for the withdrawal of a bid after opening.

2. **CONDITION AND LOCATION OF PROPERTY.** Unless otherwise specifically provided in the Invitation, all property listed therein is offered for sale "as is" and "where is." If it is provided therein that the Government shall load, then "where is" means (a) conveyance to the point specified in the Invitation. The description is based on the best available information. However, the Government makes no warranty, express or implied, as to quantity, kind, character, quality, weight, size, or description of any of the property, or its fitness for any use or purpose. Except as provided in Conditions No. 8 and 10, no request for adjustment in price or for rescission of the sale will be considered. This is not a sale by sample.

3. **CONSIDERATION OF BIDS.** The Bidder agrees that his bid will not be withdrawn within the period of time specified for the acceptance thereof following the opening of bids (not less than 60 calendar days if no period is specified by the Government or by the Bidder but not less than ten (10) calendar days in any case) and that during such period his bid will remain firm and irrevocable. The Government reserves the right to reject any or all bids, to waive any technical defects in bids, and, unless otherwise specified by the Government or by the Bidder, to accept any one item or group of items in the bid, as may be in the best interest of the Government. Unless the Invitation otherwise provides, bids may be submitted on any or all items. However, unless the Invitation otherwise provides, a bid covering any listed item must be submitted on the basis of the unit specified for that item and must cover the total number of units designated for that item. In case of error in the extension of prices, unit prices will govern.

4. **PAYMENT.** The Purchaser agrees to pay for property awarded to him in accordance with the prices quoted in his bid. Payment of the full purchase price, subject to any adjustment pursuant to Condition No. 8, must be made within the time specified for removal and prior to delivery of any of the property. In the event, however, any adjustment is made pursuant to Condition No. 8, then payment must be completed immediately subsequent to such adjustment. The balance of the purchase price after applying the total bid deposit made by the Purchaser under the Invitation (or otherwise the full purchase price) shall be paid to the Contracting Officer in cash, or by certified check, cashier's check, traveler's check, bank draft, or postal or express money order, made payable to the Treasurer of the United States (or, if so specified in the Invitation made payable either to the Government agency conducting the sale or as directed by that agency). The Government reserves the right to apply any bid deposits made under the Invitation by a Bidder against any amounts due to the Government under a contract awarded to him thereunder. In those instances where the total sum becoming due to the Government from the Purchaser on a contract awarded to him under the Invitation is less than the total amount deposited with his bid, the difference will be promptly refunded to him. Also, deposits accompanying bids which are not accepted will be promptly returned to him.

5. **TITLE.** Unless otherwise specified in the Invitation, title to the items of property sold hereunder shall vest in the Purchaser as and when full and final payment is made, except that if the Invitation provides that loading will be performed by the Government, title shall not vest until such payment and loading are completed. On all motor vehicles and motor-propelled or motor-drawn equipment requiring licensing, a certificate of release, Standard Form 97 (or State certificate of title if such a certificate of title has been issued to the Government), will be furnished for each vehicle and piece of equipment.

6. **DELIVERY AND REMOVAL OF PROPERTY.** Unless otherwise specified in the Invitation, the Purchaser shall be entitled to obtain the property upon vesting of title of the property in him. Delivery shall be made at the designated location, and the Purchaser shall remove the property at his expense within the period of time originally specified in the Invitation or within such additional time as may be allowed by the Contracting Officer. The Purchaser shall reimburse the Government for any damage to Government property caused by the removal operations of the Purchaser. If the Purchaser is permitted by the Government to remove the property after the expiration of the period prescribed or allowed for removal, the Government, without limiting any other rights which it may have, may require the Purchaser to pay a reasonable storage charge.

7. **DEFAULT.** If, after the award, the Purchaser breaches the contract by failing to make payment as required by Condition No. 4, or by failing to remove the property as required by Condition No. 6, then the Government may send the Purchaser a fifteen-day written notice of default (calculated from date of mailing), and upon Purchaser's failure to cure such default within that period (or such further period as the Contracting Officer may allow), the Purchaser shall lose all the right, title and interest which he might otherwise have acquired in and to the property as to which a default has occurred. The Purchaser agrees that in the event he fails to pay for the property or remove the same within the prescribed time, the Government at its election and upon notice of default shall be entitled to retain (or collect) as liquidated damages a sum equal to 20% of the purchase price of the item (or items) as to which the default has occurred. Whenever the Government exercises this election, it shall specifically apprise the Purchaser either in its original notice of default (or in separate subsequent written notices) that upon the expiration of the period prescribed for curing the default the formula amount will be retained (or collected) by the Government as liquidated damages. The maximum sum, moreover, which may be recovered by the Government as damages for failure of the Purchaser to remove the property and pay for the same shall be such formula amount. If the Purchaser otherwise fails in the performance of his obligations thereunder, the Government may exercise such rights and may pursue such remedies as are provided by law or under the contract.

8. **ADJUSTMENT FOR VARIATION IN QUANTITY OR WEIGHT.** When property is sold on a "unit price" basis, the Government reserves the right to vary the quantity or weight delivered by 10% from the quantity or weight listed in the Invitation; and the Purchaser agrees to accept delivery of any quantity or weight within these limits. The purchase price will be adjusted upwards or downwards in accordance with the unit price and on the basis of the quantity or weight actually delivered. No adjustment for variation will be made where property is sold on a "price for the lot" basis.

9. **WEIGHING.** Where weighing is necessary to determine the exact purchase price hereunder, the Purchaser shall arrange for and pay all expenses of weighing material (unless Government scales are available on the premises). All switching charges shall be paid by the Purchaser. When removal is by truck, weighing shall be under the supervision of the Government and at its option on: (a) Government scales, (b) certified scales, or (c) other scales acceptable to both parties. When removal is by rail, weighing shall be on railroad track scales, or by other means acceptable to the railroad for freight purposes. Government-approved weighing shall establish the exact purchase price and govern the making of full payment thereon.

10. **RISK OF LOSS.** (1) After mailing notice of award, and prior to passage of title to the Purchaser, the Government will be responsible for the care and protection of the property and any loss, damage, or destruction occurring during such period will be adjusted by the Contracting Officer. (2) After passage of title to the Purchaser, and prior to the date specified for removal, the Government shall be responsible only for the exercise of reasonable care for the protection of the property. (3) After passage of title and after the date specified for removal of the property, or any extension approved in writing by the Contracting Officer, all risk of loss, damage, or destruction from any cause whatsoever shall be borne by the Purchaser.

11. **LIMITATION ON GOVERNMENT'S LIABILITY.** Except for transportation charges when a return of property at Government cost is authorized by the Government, the measure of the Government's liability in any case where liability of the Government to the Purchaser has been established shall not exceed refund of such portion of the purchase price as the Government may have received.

12. **ORAL STATEMENTS AND MODIFICATIONS.** Any oral statement or representation by any representative of the Government, changing or supplementing this contract or any Condition thereof, is unauthorized and shall confer no right upon the Purchaser.

13. **COVENANT AGAINST CONTINGENT FEES.** Purchaser warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial agencies maintained by the Purchaser for the purpose of doing business. For breach of this warranty, the Government shall have the right to annul this contract without liability or at its option, to recover from the Purchaser the amount of such commission, percentage, brokerage, or contingent fee, in addition to the consideration herein set forth.

14. **OFFICIALS NOT TO BENEFIT.** No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, unless it be made with a corporation for its general benefit.

15. **DISPUTES.** Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Purchaser. The decision of the Contracting Officer shall be final and conclusive unless, within thirty (30) days from the date of receipt of such copy, the Purchaser mails or otherwise furnishes to the Contracting Officer a written appeal addressed to the Secretary. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this clause, the Purchaser shall be afforded an opportunity to be heard and to offer evidence in support of his appeal. Pending final decision of a dispute hereunder, the Purchaser shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

16. **DEFINITIONS.** As used throughout this contract, the following terms shall have the meaning set forth below:

(a) The term "Secretary" means the Secretary, the Under Secretary, or any Assistant Secretary of the Department, and the head or any assistant head of the Federal agency; and the term "his duly authorized representative" means any person or persons or board (other than the Contracting Officer) authorized to act for the Secretary.

(b) The term "Contracting Officer" means the person accepting the bid in whole or in part on behalf of the Government, and any other officer or civilian employee who is a properly designated Contracting Officer; and the term includes, except as otherwise provided in this contract, the authorized representative of a Contracting Officer acting within the limits of the representative's authority.

INSTRUCTIONS TO BIDDERS

1. **BID DEPOSIT.** Where a bid deposit is required by the Invitation, such deposit must accompany the bid and be furnished in cash, or by postal or express money order, cashier's, certified, or traveler's check, or a combination thereof, made payable to the Government agency conducting the sale unless otherwise directed in the Invitation. An irrevocable commercial letter of credit may be used to cover the bid deposit or the balance of the purchase price should an award be made unless otherwise directed in the Invitation.

2. **PREPARATION OF BIDS.** Bids shall be filled out in ink, indelible pencil, or typewriter, with all erasures, strike overs, and corrections initialed in ink or indelible pencil.

DEFINITION OF SMALL BUSINESS

1. For this purpose, a small business concern is a concern which, together with its affiliates, falls within one of the classifications set forth in 2 below; is independently owned and operated; and is not dominant in its field of operation. (See Code of Federal Regulations, Title 13, Part 121, as amended, if additional information is desired.)

2. Small Business Classifications.

(a) Primarily engaged in manufacturing and employs not more than 500 persons.  
(b) Primarily engaged as a nonmanufacturer, except as specified in (c) below, and had an average annual sales volume or receipts, less returns and allowances, of \$5,000,000 or less for its preceding three fiscal years.

(c) Primarily engaged in the purchase of materials not domestically produced and had an average sales volume or receipts, less returns and allowances, of \$25,000,000 or less for its preceding three fiscal years.

(d) Certified as a small business concern by the Small Business Administration.

Figure 12-8c. General Sale Terms and Conditions, Standard Form 114c

SALE OF GOVERNMENT PROPERTY		PAGE NO. 12	INVITATION NO. B-6-62-62776
ITEM NO.	DO NOT RETURN WITH BID		
26.	Drill, same as item 24 except Item No. 130000-63, Built 1952, Serial No. 31856; NID 92666/101407, PRC-3-11936, FSC-3413; Cond: Used - Good - Acq. Cost: \$22,980.00 - BuWepRep EH N-29-61-92666, item 1 (BOS-6322-F)		
27.	Drill Upright; Mfr.: Charles G. Allen Co.; 7/8" cap., 24" swing, 4 spindle; Hand feed; Sensitive, floor type, 2 MT, Morse Taper bore in spindle nose, box column, 4 power feeds, 4 back gears; Direct Connected; Item No. 132161-15, Model 2 MS, Built 1952, Serial No. 27885; NID 92666/101063, PRC-3-12928, FSC-3413; Cond: Used - good - Acq. Cost: \$7,310.80 - BuWepRep EH N-30-61-92666, item 3 (BOS-6322-F)		
28.	Drill Upright; same as item 27 except Item No. 132161-16, Serial No. 27886; NID 92666/101064, PRC-3-12957, FSC-3413; Cond: Used - good - Acq. Cost: \$7,310.80 - BuWepRep EH N-30-61-92666, item 3 (BOS-6322-F)		
29.	Form Grinder; Mfr.: Jones & Lamson Machine Co.; 8" vertical stroke, 20" dia. wheels; Dual wheel, automatic vertical slide, horizontal spindles; Double spindle, single purpose; Cog belt driven; Item No. 150000-21, Model "D", Built 1952-1953, Serial No. 160129; NID 92666/100682, PRC-3-16065, FSC-3415; Cond: Used - fair - Acq. Cost: \$83,878.80 - BuWepRep EH N-62-61-92666, item 1 (BOS-6322-F)		
30.	Form Grinder; same as item 29 except Item No. 150000-62, Serial No. 160154, FSC-3415; NID 92666/101314, PRC-3-15551; Cond: Used - fair - Acq. Cost: \$72,565.96 - BuWepRep EH N-62-61-92666, item 1 (BOS-6322-F)		
31.	Form Grinder; same as item 29 except Item No. 150000-66, Serial No. 160159, NID 92666/101318, PRC-3-15769, FSC-3415; Cond: Used - fair - Acq. Cost: \$71,895.96 - BuWepRep EH N-62-61-92666, item 1 (BOS-6322-F)		
32.	Form Grinder; same as item 29 except Item No. 150000-68, Serial No. 160160, NID 92666/101320, PRC-3-15771, FSC-3415; Cond: Used - fair - Acq. Cost: \$72,255.96 - BuWepRep EH N-62-61-92666, item 1 (BOS-6322-F)		
33.	Grinder, airfoil; Mfr.: Miles Bement Pond Co.; blade - max. 9" long x 4" wide; Turbine blade airfoil, abrasive belt; 3/4 HP, floor type; Abrasive belt, vertical 5/8" wide; Single end, straight stand; Belt driven; Item No. 150000-542, Model #1892, Built 1955, Serial No. 21423; NID 92666/175356, PRC-3-19542, FSC-3415; Cond: Used - fair - Acq. Cost: \$10,690.00 - BuWepRep EH N-62-61-92666, item 2 (BOS-6322-F)		
34.	Grinder, airfoil; same as item 33 except Item No. 150000-543, Serial No. 21425; NID 92666/175357, PRC-3-19334, FSC-3415; Cond: Used - fair - Acq. Cost: \$9,025.00 - BuWepRep EH N-62-61-92666, item 2 (BOS-6322-F)		
35.	Drill, Mfr.: New Britain Gridley Mach. Div.; 3 spindle, 47 1/2" dia. table; Special drill; Sensitive drilling machine, floor type, 0-3/8" round column; Belt driven; Item No. H-1301, Built 1951, Model 4A, Serial No. 31428; NID 92666/059626, PRC-3-50380, FSC-3413; Cond: Used - fair - Acq. Cost: \$22,980.50 - BuWepRep EH N-83-61-92666, item 1 (BOS-6322-F)		

Figure 12-8d. Detail Description of Property

27 March 1961

NOTICE OF AWARD  
NAVEXOS 4271 (Rev. 1-61)

FROM	DATE
	CONTRACT NO.
TO	SALES INVITATION NO.
	ITEM(S) AWARDED

ENCLOSURE

Your bid has been accepted for items on Sales Invitation as shown above. Release of material will be authorized by this office subject to prior action if required under the items checked below.

- ☐ 1. Your deposit exceeds purchase price as shown below. Balance will be refunded under separate cover. Authorization for release of the material awarded to you has been forwarded to the

Arrangements for the removal of this material should be made by contacting

\_\_\_\_\_ telephone \_\_\_\_\_

Deposit, receipt of which is acknowledged \_\_\_\_\_

Total Contract Price \_\_\_\_\_

Balance due Purchaser (subject to final settlement) \_\_\_\_\_

- ☐ 2. Your deposit is less than purchase price as shown below. Please forward balance due Government to

\_\_\_\_\_ by cash, certified or  
cashier's check, or money order payable to Inspector of Naval Material, \_\_\_\_\_.

THIS AMOUNT MUST BE PAID WITHIN FIVE (5) DAYS AFTER RECEIPT OF THIS ACCEPTANCE.

Total Contract Price \_\_\_\_\_

Amount of Deposit, receipt of which is acknowledged \_\_\_\_\_

Balance Due Government (subject to final settlement) \_\_\_\_\_

- ☐ 3. The enclosed contract should be executed by you, and the original and one copy thereof should be signed and returned to this Office for execution by the Sales Contracting Officer on behalf of the Government. One executed copy will be returned for your records.

- ☐ 4. A copy of the Sales Contract noted above is returned for your files.

SALES CONTRACTING OFFICER

R-30598

Figure 12-9a. Notice of Award, NAVEXOS-4271

- PURPOSE:** To notify successful bidder of items awarded to him.
- WHEN USED:** Whenever award is made as result of Government-conducted sale.
- INSTRUCTIONS:** Block 1 should be checked where a refund is due the purchaser.
- Block 2 should be checked if a balance is due the Government. After "Please forward balance due Government to," identify the disposal office (e.g. Inspector of Naval Material, Chicago) where an agent cashier has been designated, or identify the Naval Accounts Disbursing Officer where no such designation has been made. After "payable to the" identify the disposal activity.
- Block 3 should be checked when bid is accepted as a result of a negotiated or informal competitive Sale.
- Block 4 should be checked when transmitting a copy of the contract covering a formal competitive sealed bid Sale.
- DISTRIBUTIONS:** (a) Original and one copy to purchaser
- (b) One copy to Disbursing Office or agent cashier
- (c) One copy for disposal file.

Figure 12-9b. Instructions for use of Notice Of Award, NAVEXOS-4271

DEPARTMENT OF THE NAVY

NEGOTIATED CONTRACT

Contract No. N62782-258.....

NAME (Activity and Address) Inspector of Naval Material, 17 Brief Ave., Upper Darby, Pa.

NAME (Contractor and Address) Surplus Equipment Corporation, 120 E. 56th St. N.Y.C....

Contract for Cellulose Acetate Scrap ..... AMOUNT \$758.75

THIS CONTRACT is entered into as of 4 August, 1958, by and between  
the United States of America, hereinafter called the Government, represented by the Sales Contracting  
Officer executing this contract, and Surplus Equipment Corporation,  
(Name of Contractor)

- (1) A corporation organized and existing under the laws of the State of  
New York.....
- (2) A partnership consisting of.....
- (3) An individual trading as.....hereinafter called the  
Contractor. The parties hereto agree that the Government shall furnish and deliver all the material  
set forth in the Schedule shown on the reverse for the consideration stated herein, subject to the  
conditions and terms attached hereto.

NOTE: The full contract price (subject to final settlement) of \$758.75.....  
shall be submitted to the Sales Contracting Officer with the signed copy of this contract.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the 4th  
day of August, 1958.

UNITED STATES OF AMERICA Surplus Equipment Corporation  
(Full Name of Contractor)

By T. Smith By J. Jones  
(Sales Contracting Officer)

Disposal Officer President  
(Title) (Title)

NAVEXOS 4272

Figure 12-10a. Negotiated Contract, NAVEXOS-4272



NAVEXOS 4272 (back)		SCHEDULE			
MATERIAL LOCATED AT..... Baltimore Chemical Company.....					
..... 200 Market Street, Baltimore, Md. ....					
.....					
ITEM NO.	DESCRIPTION	QUANTITY	UNIT	PRICE PER UNIT	TOTAL PRICE
1	Cellulose Acetate Scrap	5,000 (approx.)	lb.	.15175	758.75

Figure 12-10b. Negotiated Contract, NAVEXOS-4272 (Reverse)

- PURPOSE:** To provide a form of contract for Government-conducted sales other than by formal invitation.
- WHEN USED:** For Government-conducted sales (1) By negotiation and (2) By informal competitive bidding. Form should not be used for acquisition by contractor.
- DISTRIBUTION:** See para 26158-4 of the BUSANDA Manual.
- INSTRUCTIONS:** When informal solicitation (verbal or by sales letter) is used and all requirements for formal advertising set forth in par. 26154-2 of BUSANDA Manual are met "Negotiated" should be deleted from title.
- Contract number in the regular series of the authorized disposal activity should be inserted in the space provided.
- Disposal activity and purchaser should be identified by name and address in spaces provided.
- Category of material should be indicated in space provided.
- Total amount of contract should be inserted in space provided.
- Date of contract (date on which contract is forwarded to purchaser for execution) should be inserted in space provided.
- The state of incorporation, composition of partnership or trade name of purchaser should be inserted as appropriate. If not known note should be affixed to contract requesting purchaser to insert appropriate information in (1), (2) or (3).
- The contract should not be executed by the sales contracting officer until signed copies are returned by the purchaser.
- The location and description of the property, including lot number(s), quantity, unit of measure, price per unit and total price per lot should be inserted in the Schedule, as well as the date specified for removal of the property, if the ten-day period specified in NAVEXOS-4272A (see Figures 12-10d and e) is not applicable.
- If contract does not cover scrap material Condition 16 should be deleted or note inserted in Schedule indicating that Condition 16 is not applicable. If contract covers both scrap and salvage and/or serviceable material note should be inserted in Schedule indicating that Condition 16 is applicable to lot(s) number ( . . . . ) only.

Figure 12-10c. Instructions for use of Negotiated Contract, NAVEXOS-4272

NAVEXOS-4272A

CONDITIONS AND TERMS OF SALE

1. **CONDITION OF PROPERTY:** All property listed herein is sold "as is" and "where is", without recourse against the Government. If it is provided herein that the Government shall load, then "where is" means f.o.b. conveyance at the point specified in the contract. The description is based on the best available information, but the Government makes no guaranty, warranty, or representation, expressed or implied, as to quantity, kind, character, quality, weight, size, or description of any of the property, or its fitness for any use or purpose, and no claim will be considered for allowance or adjustment or for rescission of the sale based upon failure of the property to correspond with the standard expected; this is not a sale by sample.

2. **LIQUIDATED DAMAGES:** If after the date of the contract the Contractor fails to pay the balance of the contract price, fails to remove the material or otherwise fails to perform any of his obligations he will lose all right, title, and interest in the material hereunder, and the Government may, at its election, retain the material and may retain from any amount paid by the Contractor, as liquidated damages, a sum equal to twenty percent (20%) of the contract price plus any accrued charges hereunder. The balance, if any, shall be remitted to the Contractor.

3. **PAYMENT:** Payment of the balance of the contract price, if a deposit has been made, or otherwise of the full contract price, shall be made by cash, or by certified check, cashier's check, bank draft, postal or express money order, payable to the Treasurer of the United States, within five (5) days after date of the contract. Payment of the full contract price, subject to any adjustment for variation in quantity, or weight pursuant to condition No. 6 must be made prior to the delivery and removal of any property. If any such adjustment is necessary, then payment must be completed, unless otherwise specified by the Government, immediately subsequent to adjustment.

4. **TITLE:** Title to the items of property sold hereunder shall vest in the Contractor as and when full and final payment is made, unless otherwise specified by the Government, and except that if the contract provides that loading will be performed by the Government, title shall not vest until such loading and such payment are completed. On all motor vehicles and motor-propelled or motor-drawn equipment requiring licensing, a U. S. Government Certificate of Release of a motor vehicle (Standard Form 97) (or a State certificate of title, if such a certificate of title has been issued to the Government), will be furnished for such vehicles and piece of equipment.

5. **DELIVERY AND REMOVAL OF PROPERTY:** The Contractor shall be entitled to obtain the property upon vesting of title of the property in him, unless otherwise specified herein. Delivery shall be at the designated location, and the Contractor shall remove the property at his expense within ten days unless a different period is specified in the schedule contained above. The Contractor shall reimburse the Government for any damage to Government property caused by the removal operations of the Contractor. If the Contractor fails to remove the property within the specified time, the Government shall have the right to charge the Contractor and collect upon demand a reasonable storage charge if the property is stored on premises owned or controlled by the Government, or store the property elsewhere for the Contractor's account, and all costs incident to such storing, including handling and moving charges,

shall be borne and paid by the Contractor; in addition to the foregoing rights, the Government may, after the expiration of thirty (30) days after the date specified for removal, and upon ten (10) days written notice (calculated from the date of mailing) to the Contractor (which ten (10) days written notice may, at the option of the contracting officer, be included either partly or wholly in the thirty (30) days specified above or may be in addition thereto), resell the property, applying the proceeds therefrom against the storage and any other costs incurred for Contractor's account. Any details regarding removal of the property as may not be provided for herein, shall be arranged with the contracting officer, which arrangement shall be reduced to writing.

6. **ADJUSTMENT FOR VARIATION IN QUANTITY:** Any variation between the quantity or weight listed for any item and the quantity or weight of such item tendered or delivered to the Contractor will be adjusted on the basis of the unit price quoted for such item; but no adjustment for such variation will be made when an award is made on a "price for the lot" basis. When property is sold on a unit price basis, the Government reserves the right to vary the quantity tendered or delivered to the Contractor by ten percent (10%). If the Government tenders or delivers a quantity up to ten percent (10%) excess of that stated in the contract, the Contractor agrees to accept such quantity and pay the Government therefor at the unit price set forth in this contract. If the Government tenders or delivers a quantity less than that stated in the contract, the Contractor agrees to accept the quantity tendered or delivered unless the variation exceeds ten percent (10%) of the quantity stated in the contract. In the event of a shortage the Government will refund to the Contractor the difference between the quantity paid for and the quantity delivered, calculated upon the basis of the unit price set forth in this contract.

7. **WEIGHING:** Where weighing is necessary to determine price hereunder, the Contractor shall arrange for and pay all expenses of weighing material, including all switching charges incurred. In case of removal by truck, weighing shall be under the supervision of the Government, and, at its option, on (a) Government scales, or (b) certified scales in the vicinity of the location of the property, or (c) certified scales in the vicinity of the Contractor's establishment, or (d) other scales acceptable to both parties. When removal is by rail, weighing shall be on railroad track scales, or by other means acceptable to the railroad for freight charge purposes. Government approved weighing shall govern payment.

8. **RISK OF LOSS:** (1) After the date of the contract and prior to passage of title to the contractor, the Government will be responsible for the care and protection of the property and any loss, damage, or destruction occurring during such period will be adjusted by the Contracting Officer. (2) After passage of title to the Contractor, and prior to the date specified for removal, the Government's responsibility will be limited to the exercise of reasonable care for the protection of the property. (3) After the date specified for removal of the property, all risk of loss, damage, or destruction from any cause whatsoever shall be borne by the Contractor.

9. **LIMITATION ON GOVERNMENT'S LIABILITY:** In any case where liability of the Government to the Contractor has been established, the extreme measure of the Government's liability shall not, in any event, exceed refund of the contract price or such portion thereof as the Government may have received.

Figure 12-11a. Conditions And Terms Of Sale, NAVEXOS-4272A (Front)

NAVEXOS-4272A

10. VERBAL MODIFICATIONS: Any oral statement by any representative of the Government, modifying or changing any conditions of this Contract, is an expression of opinion only and confers no right upon the Contractor.

11. COVENANT AGAINST CONTINGENT FEES: The contractor warrants that no person or selling agency has been employed or retained to solicit or secure the contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of doing business. For breach of this warranty, the Government shall have the right to annul this contract without liability or, at its option, to recover from the Contractor the amount of such commission, percentage, brokerage, or contingent fee, in addition to the consideration herein set forth.

12. OFFICIALS NOT TO BENEFIT: No member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, unless it be made with a corporation for its general benefit.

13. DISPUTES: Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. Within 30 days from the date of receipt of such copy, the Contractor may appeal by mailing or otherwise furnishing to the Contracting Officer a written appeal addressed to the Secretary, and the decision of the Secretary or his duly authorized representative for the hearing of such appeals shall, unless determined by a court of competent jurisdiction to have been fraudulent or capricious or arbitrary or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence, be final and conclusive; provided that, if no such appeal is taken, the decision

of the Contracting Officer shall be final and conclusive. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

14. DEFINITIONS: (a) The term "head of the department" as used herein shall mean the head or any assistant head of the executive department or independent establishment involved, and the term "his duly authorized representative" shall mean any person or persons, other than the contracting officer, authorized to act for him, or any board set up in accordance with regulations. (b) The term "Contracting Officer" means the person executing this contract on behalf of the Government, and any other officer or civilian employee who is a properly designated Contracting Officer; and the term includes, except as otherwise provided in this contract, the authorized representative of a Contracting Officer acting within the limits of his authority.

15. INTEREST WARRANTY: The bidder certifies that he is not an officer or enlisted member of the Armed Forces on active duty, is not a civilian employee of the military departments (including the Department of Defense) and is not a member of the immediate family, a dependent, or an agent of such officer, member or employee.

16. SCRAP WARRANTY: The Contractor represents and warrants to the United States that the material covered by this contract was offered as scrap, that it is purchasing or retaining the material only as scrap and that it will sell and ship the material only as scrap, either in its existing condition or after further preparation. The Contractor further represents and warrants to the United States that it will require a like warranty from any subsequent purchaser who shall purchase this scrap, or any part thereof.

Case No.

Gentlemen:

You are hereby authorized to effect removal of the property which was sold under the provisions of sales contract

Release of the material must be witnessed by a Navy representative and the following activity has therefor been authorized to release this material to you or your carrier:

Arrangement for the removal of this material should be made by contacting Mr. \_\_\_\_\_ of that office, telephone \_\_\_\_\_

Arrangements for packing the property, if necessary, are your responsibility. No material will be released unless prior appointment is made with the person indicated above.

Your attention is invited to the stipulation in the contract which requires you to remove the property within \_\_\_\_\_ days from the date of notification that removal may be made.

Very truly yours,

Copy to:

Authorization To Remove Surplus Property  
NAVEXOS-4275

Figure 12-12a. Authorization To Remove Surplus Property, NAVEXOS-4275

**PURPOSE:** To give purchaser written notice of release of property in conformance with Article 212106d.2(h).

**WHEN USED:** Whenever surplus property is sold by Government-conducted sale and after full purchase price has been collected.

**DISTRIBUTION:** Original to purchaser.  
Copy to reporting activity.  
One copy for case file.

**INSTRUCTIONS:** Letter should be addressed to purchaser. Applicable sales contract number should be identified in space provided in paragraph one.  
  
Name and address of reporting activity should be inserted in space provided in paragraph two.  
  
Name and phone number of representative of reporting activity to be contacted for removal of property should be inserted in space provided in paragraph three.  
  
The number of days allowed for removal of the property should be shown in paragraph four.

Figure 12-12b. Instructions for use of Authorization To Remove Surplus Property, NAVEXOS-4275

Case No.	
<b>From:</b>	
<b>To:</b>	Chief of Branch, Division of Audits, General Accounting Office, 1901 E. 13th Street, Cleveland, Ohio
<b>Subj:</b>	Sales Contracts and Statement and Certificate of Award; Distribution of
<b>Ref:</b>	(a) BUSANDA Manual Par. 26158-4
<b>Encl:</b>	(1) Original contracts identified below (2) Original Statement and Certificate of Award (Standard Form No. 1036)
<p>1. In accordance with the instructions outlined in reference (a), the following contracts together with the statement and certificate of award are forwarded as enclosures (1) and (2) respectively:</p> <p style="text-align: center;">CONTRACT NUMBER</p>	
By direction	
<b>Copy to:</b> Disbursing Officer w/certified copies of encls (1) and (2) and copies 8, 9 and 10 of Invoice No.	
<b>Distribution of Sales Contract</b> NAVEXOS-4277	

Figure 12-13a. Distribution Of Sales Contract, NAVEXOS-4277

**PURPOSE:** To effect distribution of sales contracts and Statements and Certificates of Award in conformance with par. 26158-4 of the BUSANDA Manual.

**WHEN USED:** Whenever an award is made as the result of Government-conducted sale by formal advertising or negotiation.

**DISTRIBUTION:** As indicated.

**INSTRUCTIONS:** In body of letter list all sales contract numbers involved.

Identify all sales invoices applicable to contracts transmitted as enclosure (1) in space provided under "Copy to."

Figure 12-13b. Instructions for use of Distribution Of Sales Contracts, NAVEXOS-4277

212300

ONMINST 5000.3, Vol. 2  
27 March 1961TRANSMITTAL OF SALES DOCUMENTS  
NAVEXOS 4278 (Rev. 1-61)

FROM INSPECTOR OF NAVAL MATERIAL,	CASE NO.
TO	DATE
SUBJ SALE OF SURPLUS CONTRACTOR INVENTORY	INVITATION NO.
ENCL	SALES CONTRACT NO.

☐ COPY OF SUBJECT INVITATION IS FORWARDED  
DISBURSING OFFICER (IS) (IS NOT) REQUIRED TO ATTEND BID OPENING

☐ CATEGORY OF PROPERTY IS    ☐ USABLE    ☐ SALVAGE    ☐ SCRAP

☐ RECORD OF DEPOSITS BY BIDDERS, NAVCOMPT FORM 23, IS FORWARDED WITH REQUEST THAT DEPOSITS BE  
RETURNED TO UNSUCCESSFUL BIDDERS INDICATED THEREON.

☒ IT IS REQUESTED THAT REFUND IN AMOUNT INDICATED BE MADE TO:

LOT NO(S)	DEPOSIT RECEIVED	TOTAL CONTRACT PRICE	AMOUNT OF REFUND

☐ PROCEEDS OF SALE ENCLOSED. CREDIT TO REDUCE CONTRACT COSTS, IF POSSIBLE, UNDER PROCUREMENT CONTRACT NUMBER(S)

WITH \_\_\_\_\_

CHECK/MONEY ORDER NO.	AMOUNT	PAYER
COPY TO	SIGNATURE	

FROM
TO INSPECTOR OF NAVAL MATERIAL,

RECEIPT OF THE CHECK/MONEY ORDER IDENTIFIED ABOVE IS ACKNOWLEDGED.

SIGNATURE	DATE
-----------	------

H-30584

Figure 12-14a. Transmittal Of Sales Documents, NAVEXOS-4278

**PURPOSE:** To provide for transmittal of sales documents and proceeds of sale to Disbursing Officer or cognizant Navy Regional Accounts Office.

**WHEN USED:** Whenever it is necessary to accomplish the following action involving the Disbursing Officer or Navy Regional Accounts Office.

- (1) Transmit advance copy of Invitation to Bid (Government-conducted sale).
- (2) Request return of deposits to unsuccessful bidders.
- (3) Request refund to purchaser.
- (4) Transmit deposits or proceeds of sale received by the disposal activity.

**DISTRIBUTION:** Original to Disbursing Officer or Navy Regional Accounts Office. Copy for file case.

**INSTRUCTIONS:** Case number and date should be inserted in spaces provided. Appropriate box should be checked to indicate action required.

If used to transmit advance copy of Invitation, category of property should be indicated by checking appropriate box. If deposit requirement is included in Invitation, appropriate box should be checked to indicate that services of Disbursing Officer will be required (unless collection agent has been designated); otherwise box should be checked to indicate services of Disbursing Officer will not be required at bid opening.

If used to request refund, appropriate sales contract number should be indicated in space provided. The name and address of the purchaser to whom refund is to be made should be indicated, as well as the lot number(s), amount of deposit received, total contract price and amount of refund.

If used to transmit proceeds of sale received by the disposal activity, check or money order should be identified by number, amount, and payer, and the procurement contract(s) and contractor identified in the spaces provided. Proceeds allocable to Government-conducted competitive bid sales must be collected by the Disbursing Officer serving the sales activity, or his agent cashier. All other proceeds shall be forwarded to the Navy Regional Accounts Office having cognizance of the procurement contract(s) involved.

In all cases where an award has been made, the applicable sales contract number should be indicated in the space provided.

Figure 12-14b. Instructions for use of Transmittal of Sales Documents,  
NAVEXOS-4278



Case No.

Gentlemen:

The Inspector of Naval Material acting under the authority delegated to him, hereby abandons all the Government's right, title and interest, without further cost to the Government, in the following listed Government property:

<u>CONTRACT</u>	<u>REFERENCE</u>	<u>SCHEDULE</u>	<u>PAGE</u>	<u>ITEM</u>	<u>QUANTITY</u>
-----------------	------------------	-----------------	-------------	-------------	-----------------

It is requested that you indicate your acceptance of the above conditions by signing below and returning a copy thereof to this office.

Very truly yours,

Encl: Copy 4 of Invoice No.

Copy to:  
with cys of encl.

ACCEPTED	DATE
----------	------

---

(Contractor's Signature)

Notice of Property Abandonment  
NAVEXOS-4280

Figure 12-15a. Notice of Property Abandonment, NAVEXOS-4280

**PURPOSE:** To advise the contractor in possession and the reporting activity of the abandonment of valueless Government property, and to request acceptance thereof by the contractor.

**WHEN USED:** After the abandonment determination has been prepared and approved by the Property Disposal Review Board, if required.

**DISTRIBUTION:** One copy to the reporting activity with copies one, two and five of the abandonment invoice (when invoicing is required). Where mutilation or destruction is required, also include copy number three of the abandonment invoice. Original to accountable contractor; with a copy to the contractor-in-possession if he is not the accountable contractor.  
One copy for case file.

**INSTRUCTIONS:** Applicable contract, reference, schedule, page, item and quantity of property being abandoned should be identified in the space provided.

If mutilation or destruction is required, include statement set forth in Article 212110e.3(b) of this chapter in the body of this form letter.

Name of reporting activity should be inserted following "Copy to."

Follow up action shall be taken to insure receipt of contractor's acceptance of each abandonment of contractor inventory.

NAVEXOS-4280 shall not be used when abandoning contractor-owned termination inventory. Contractors shall be authorized to abandon such property by use of correspondence similar to the format of NAVEXOS-4280.

Figure 12-15b. Instructions for use of Notice Of Property Abandonment, NAVEXOS-4280

212300

ONMINST 5000.3, Vol. 2  
22 August 1958DISPOSAL DETERMINATION/APPROVAL  
NAVEXOS-4281

CASE NO.		<input type="checkbox"/> TERMINATION <input type="checkbox"/> NON-TERMINATION		CONTRACTOR/SUBCONTRACTOR NO.		DATE		
CONTRACTOR/SUBCONTRACTOR				LOCATION OF PROPERTY				
TYPE OF CONTRACT <input type="checkbox"/> FIXED PRICE <input type="checkbox"/> COST TYPE				UTILIZATION SCREENING <input type="checkbox"/> COMPLETED <input type="checkbox"/> NOT REQUIRED				
SCHEDULE	PAGE	ITEM	DESCRIPTION		QUANTITY	COST		
					TOTAL			
DETERMINATION	SCRAP AND SALVAGE	<input type="checkbox"/> BEYOND ECONOMICAL REPAIR/ESTIMATED COST OF REPAIR IN EXCESS OF 65% OF ACQUISITION <input type="checkbox"/> WITHOUT VALUE EXCEPT FOR BASIC CONTENT						
		<input type="checkbox"/> OBSOLETE <input type="checkbox"/> SPECIALIZED DESIGN <input type="checkbox"/> INCOMPLETE CONDITION						
		<input type="checkbox"/> SOME VALUE IN EXCESS OF BASIC MATERIAL CONTENT BUT NO REASONABLE PROSPECT OF SALE OR USE AS SERVICEABLE PROPERTY WITHOUT MAJOR REPAIRS OR ALTERATIONS OTHER (Specify)						
	ABANDONMENT	<input type="checkbox"/> NO COMMERCIAL VALUE <input type="checkbox"/> DONATION IS NOT FEASIBLE						
		<input type="checkbox"/> ESTIMATED COST OF CONTINUED CARE AND HANDLING WOULD EXCEED ESTIMATED PROCEEDS OF SALE OTHER (Specify)						
		WITH NOTICE	<input type="checkbox"/> OFFERED FOR SALE AND NO BIDS RECEIVED					
			<input type="checkbox"/> VALUE SO LITTLE OR COSTS OF CARE AND HANDLING SO GREAT ADVERTISING FOR SALE NOT JUSTIFIED					
	APPROVAL	SALE/ACQUISITION WITHOUT COMPETITIVE BID	<input type="checkbox"/> SALE PRICE EQUALS (OR EXCEEDS) CURRENT MARKET PRICE					
			<input type="checkbox"/> SALE PRICE IS FAIR AND REASONABLE BASED ON TEST OF MARKET <input type="checkbox"/> BASED ON RECENT SALE PRICE OF SIMILAR PROPERTY					
		COMPETITIVE BID SALE	<input type="checkbox"/> SALE PRICE EQUALS (OR EXCEEDS) THAT WHICH COULD BE REALIZED THROUGH COMPETITIVE SALE; COST OF SALE AND/OR ADDITIONAL STORAGE CHARGES WOULD MORE THAN OFFSET ANY POTENTIAL INCREASED RETURN OTHER (Specify)					
SALE PRICE \$								
INVITATION NO.		SALES NO.		LOT NO.		HIGH BID		
<input type="checkbox"/> CONDUCTED BY CONTRACTOR <input type="checkbox"/> GOVERNMENT		BIDS SOLICITED		RECEIVED				
<input type="checkbox"/> SALE PRICE IS FAIR AND REASONABLE AND REPRESENTS BEST PRICE OBTAINABLE								
<input type="checkbox"/> SALE PRICE EXCEEDS CURRENT SCRAP VALUE OF PROPERTY (If other than scrap sale)								
REASON FOR ACCEPTANCE OF OTHER THAN HIGH BID								
SCRAP WARRANTY WILL BE EXECUTED <input type="checkbox"/> YES <input type="checkbox"/> NO		CERTIFIED WEIGHT		APPROXIMATE WEIGHT		MATERIAL CONTENT		
RECOMMENDED BY (Signature)				APPROVED BY PROPERTY DISPOSAL REVIEW BOARD (Signature)				
				(Chairman)				
APPROVED BY DISPOSAL OFFICER (Signature)				(Member)				
FOR ADDITIONAL APPROVAL WHEN REQUIRED				(Member)				

Detailed justification shall be shown on reverse

D-1200B

Figure 12-16a. Disposal Determination/Approval, NAVEXOS-4281

- PURPOSE:** To provide a record of disposal determinations and Property Disposal Review Board approvals, when required.
- WHEN USED:**
- (1) Whenever surplus property, with the exception of production scrap, is determined to be in a scrap or salvage category.
  - (2) Whenever surplus property is to be disposed of by abandonment.
  - (3) Whenever surplus property is sold by competitive bid sale or sold or acquired without competitive bid.
- DISTRIBUTION:** One signed copy for case file.
- When Property Disposal Review Board approval is required, one executed copy for master file of review board actions, and one executed copy to be attached to Inventory Disposal Report, NAV-EXOS-3575.
- INSTRUCTIONS:** Property covered by determination and/or approval should be identified and total acquisition cost inserted in space provided. Where list of property is voluminous, inventory schedules should be attached and referenced.
- If used as scrap or salvage determination inapplicable category should be deleted. If both categories of property are involved property in each category should be identified under "description." Appropriate box should be checked as justification for determination. Information covering scrap warranty, weight, and material content will also be indicated.
- If used as abandonment determination appropriate box should be checked as justification and to indicate whether abandonment with or without notice is recommended. If used as approval of sale or acquisition without competitive bid inapplicable category should be deleted. Appropriate box should be checked as justification and sale price indicated in space provided.
- If used as approval of competitive bid sale, Invitation Number, Sale Number, Lot Number, and high bid should be inserted in space provided. Appropriate box should be checked to indicate whether sale was contractor or Government conducted. Number of bids solicited and received should be inserted in space provided. Appropriate box should be checked as justification.
- Each form should be signed by personnel responsible for recommendation and approved by personnel responsible for reviewing recommendations.
- Whenever transactions are involved requiring Property Disposal Review Board approval, three copies of the form should be presented to the Property Disposal Review Board, of which two are to be signed.
- The date of approval by the Board, if review board approval is required, or by authorized supervisory personnel if review board approval is not required, should be inserted in the space provided.
- The information shown on the face of this form will generally have to be supplemented by background information and details explaining, supporting, and justifying the recommendations and determinations being presented. Such supplementary information shall be shown on the reverse side of this form.

Figure 12-16b. Instructions for preparing Disposal Determination/  
Approval, NAVEXOS-4281

212300

ONMINST 5000.3, Vol. 2  
22 August 1958CASE LEDGER SHEET FOR CONTRACTOR INVENTORY  
NAVEXOS-3718 (3-58)CASE NO. CHI 2091

NAME OF CONTRACTOR/SUBCONTRACTOR <b>E. Z. Manufacturing &amp; Research Corporation</b>			<input checked="" type="checkbox"/> CONTRACTOR <input type="checkbox"/> SUBCONTRACTOR			
ADDRESS <b>100 Rush Street, St. Louis, Missouri</b>						
CONTRACT NO. <b>NOa(s) 52-1701</b>		PURCHASE ORDER NO.		CONTRACTOR'S REF. NO. <b>AO-3355</b>		TYPE OF INVENTORY <input type="checkbox"/> PLANT PROPERTY <input checked="" type="checkbox"/> OTHER
DATE	REFERENCE	TYPE OF TRANS CODE*	RECEIPTS	EXPENDITURES	PROCEEDS	BALANCE
5-30-58	Inv-Sch. 5-21	2	348,589.43			348,589.43
6-17-58	Withdrawal 6-1	3		148.78		348,440.65
6-20-58	Inv 000857	10		17,991.10		330,449.55
7-5--58	Inv 000863	11		2,589.71		327,859.84
7-14-58	Inv 000872	17		1,300.00		326,559.84
7-22-58	Inv 000875	10		14,261.12		312,298.72
7-27-58	Add'l Inv	2	5,682.88			317,981.60
8-1-58	Sale, C-322	6		91,069.87	19,040.30	226,911.73
8-1-58	Shortage	3		518.33		226,393.40
8-1-58	Sale, C-323	7		226,393.40	7,475.32	.00

\*Code numbers entered in this column shall correspond with item numbers listed on Report of Disposition of Private Plant Personal Property, Navexos-3123 (11-56).

D-47676

Figure 12-17. Case Ledger Sheet For Contractor Inventory, NAVEXOS-3718

NAVEXOS-4283

JOURNAL OF RECEIPTS AND DISPOSITIONS

CONTRACTOR INVENTORY					MONTH		YEAR	
<input checked="" type="checkbox"/> FACILITIES <input type="checkbox"/> OTHER					July		1958	
DATE	PREVIOUS BALANCE	CASE NUMBER	REFERENCE	CODE	RECEIPTS	EXPENDITURES	PROCEEDS	BALANCE
7-3	.00	1358F	Inventory Request 7-1	2	1,582.00			1,582.00
7-3	.00	1382F	Inventory Request 7-2	2	10,200.00			10,200.00
7-3	14,127.25	1204F	Invoice 000744 - 6-23	10				12,600.45
7-3	196,329.13	1322F	Invoice 000812 - 6-21	19		1,526.80		191,618.00
7-3	100.00	1293F	Invoice 000823 - 6-15	15		4,711.13	503.75	.00
7-10	191,518.00	1322F	Invoice 000832 - 6-21	21		100.00		182,418.97
7-10	12,600.45	1204F	Withdrawal - 7-6	3		9,199.03	2,943.70	12,000.45
7-10	1,592.00	1338F	Invoice 000855 - 6-15	20		600.00		.00
7-10	.00	1417F	Inventory Request 7-6	2	2,963.38	1,592.00	400.00	2,963.38
7-10	.00	1410F	Inventory Request 7-7	2	823.81			823.81
7-10	.00	1420F	Inventory Request 7-7	2	6,240.00			6,240.00

Figure 12-18a. Journal Of Receipts And Dispositions, NAVEXOS-4283

**PURPOSE:** To provide a complete itemized record of all transactions consummated during each month for the compilation of NAVEXOS-3123, Report of Disposition of Private Plant Property.

**WHEN USED:** Periodically after transactions have been posted to individual ledger sheets.

**INSTRUCTIONS:** A separate journal should be prepared for "F" cases and all other disposal cases.

The month and year should be inserted in the space provided.

All entries will be completed from postings to individual ledger sheets.

Columnar information should be inserted as follows:

- (1) Date: Insert date of posting.
- (2) Previous Balance: Insert balance remaining in case prior to the transaction being posted.
- (3) Case Number: Insert applicable case number.
- (4) Reference: Identify basic document (declaration, invoice number, etc.) which served as basis for posting.
- (5) Code: Insert appropriate code corresponding to codes on NAVEXOS-3123.
- (6) Receipts: Insert acquisition cost of disposal request or increase by adjustment.
- (7) Expenditures: Insert acquisition cost of each disposition transaction and decrease by adjustment.
- (8) Proceeds: Insert amount of proceeds, if applicable, to transaction being posted.
- (9) Balance: Insert balance on hand after subtracting expenditure being posted.

Entries will be summarized, by code, monthly, and the data utilized in preparing NAVEXOS-3123, Report of Disposition of Private Plant Property.

Figure 12-18b. Instructions for use of Journal Of Receipts And Dispositions, NAVEXOS-4283

DISPOSAL CASE REVIEW RECORD  
NAVEXOS-4284

(See reverse for instructions)

CASE NO.		INVITATION NO.	SALE NO.		DATE REVIEWED	
			DOCUMENT NO.	REQUIRED	MISSING	
GENERAL	INVENTORY SCHEDULES		XXX			
	INVENTORY DISPOSAL REPORT		XXX			
	CASE LEDGER SHEET		XXX			
TRANSFER	TRANSFER AUTHORITY		XXX			
	TRANSFER					
ABANDONMENT	DETERMINATION AND APPROVAL		XXX			
	ABANDONMENT INVOICES AND/OR AUTHORIZATIONS					
SALES	SCRAP/SALVAGE DETERMINATIONS AND APPROVAL		XXX			
	APPROVAL OF CONTRACT OR SALES AND ACQUISITIONS		XXX			
	LETTER OF TRANSMITTAL OF BIDS TO CONTRACTOR OR ACCEPTANCE OF BID		XXX			
	RECORD OF TELEPHONE SOLICITATIONS		XXX			
	APPROVAL OF SALE WITHOUT COMPETITIVE BID		XXX			
	APPROVAL OF COMPETITIVE BID SALE		XXX			
	(1) SALES LETTERS OR CATALOGS					
	(2) CONTRACT OF SALE					
	(3) SALES INVOICES (GOVERNMENT PROPERTY)					
	SCRAP WARRANTY		XXX			
WEIGHT CERTIFICATION		XXX				
SALES PROCEEDS DOCUMENTS TO DISBURSING OFFICER		XXX				

REMARKS/ADDITIONAL DOCUMENTS NOS. (Identify by category and/or item)

EXAMINER WILL CHECK "REQUIRED" COLUMN FOR ESSENTIAL DOCUMENTS FILED IN CASE JACKETS. IF REQUIRED DOCUMENTS ARE MISSING FROM CASE JACKET BOTH "REQUIRED" AND "MISSING" COLUMNS WILL BE CHECKED.

ALL REQUIRED DOCUMENTS ON FILE IN PROPER FORM

REPLACEMENT OF MISSING DOCUMENTS WAIVED. APPROVED FOR RELEASE TO STORAGE

EXAMINER (Signature)

DISPOSAL OFFICER (Signature)

Figure 12-19a. Disposal Case Review Record, NAVEXOS-4284



DISPOSAL CASE REVIEW RECORD  
NAVEXOS-4284

## INSTRUCTIONS FOR USE OF FORM NAVEXOS 4284

**PURPOSE:** To record performance and result of review of each completed disposal case.

**WHEN USED:** At the completion of each property disposal case.

**INSTRUCTIONS:** Case number and date of review should be inserted in spaces provided. Invitation and/or sale number should be inserted, if applicable, in the spaces provided. Documents listed "General" should be on file in each case. If transactions coded 10 through 14 or 16 through 18 are posted on case ledger sheet appropriate transfer authority should be on file. Applicable transfer invoices should be identified by number in the "Document Number" column. If more than four transfer invoices are posted additional transfer invoice numbers should be inserted in the space provided for additional document numbers and identified as transfer invoices.

If transactions coded 9 or 15 are posted on case ledger sheet appropriate abandonment determination and review board approval, if required, should be on file. Applicable abandonment invoices for Government property or letters of authorization for contractor-owned property should be identified by number or date in the "Document Number" column. If more than four abandonment transactions are posted, additional abandonment documents should be inserted in the space provided for additional document numbers and identified as abandonment invoices or authorizations.

If transactions coded 7, 8, 20, or 21 are posted on case ledger sheet appropriate scrap/salvage determinations and review board approval, if required, should be on file.

If transactions coded 5 through 8 are posted on case ledger sheet appropriate disposal determination/approval should be on file, as well as appropriate letter of approval of acquisition or sale.

In all cases where quotations were solicited by telephone by the disposal activity, record of verbal solicitation should be on file. If transactions coded 6 through 8 and 19 through 21 are posted on case ledger sheet appropriate disposal determinations and approvals, if required, should be on file. Applicable sales letters or invitations (catalogs) and contracts of sale should be identified by number in the "Document Number" column. If more than four documents each for items (1) and (2) are involved additional document numbers should be inserted in the space provided and identified as to item number.

If transactions coded 19 through 21 are posted on case ledger sheet marked "Government Property" applicable sales invoices should be identified by number in the "Document Number" column as item (3). If more than four sales invoices are posted additional sales invoice numbers will be shown in the block entitled "Remarks" and identified as item (3). The examiner and the Disposal Officer shall also ascertain that scrap warranties, weight certifications, evidence of the proper routing of proceeds, etc., as required, are on file. If required documents are missing the case file with the completed Disposal Case Document Record Sheet attached should be referred to the Disposal Officer for appropriate action.

D-82067

Figure 12-19b. Disposal Case Review Record, NAVEXOS-4284 (Reverse)

ONMINST 5000.3, Vol. 2  
22 August 1958

212300

REPORT OF DISPOSITION OF PRIVATE PLANT PERSONAL PROPERTY  
NAVEXOS-3123 (11-56)

REPORT-EXOS-4500-2

TO: Office of Naval Material, Washington 25, D.C.

REPORTING OFFICE				REPORT MONTH		
Inspector of Naval Material, New York				OCTOBER 1957		
ITEM	CONTRACTOR INVENTORY (EXCLUDING FACILITIES)			FACILITIES		
	NO. CASES (a)	COST (b)	PROCEEDS (c)	NO. CASES (d)	COST (e)	PROCEEDS (f)
1. ON HAND BEGINNING OF PERIOD	171	1,800,590	XXX	32	201,812	XXX
2. RECEIPTS	98	1,096,802	XXX	8	46,515	XXX
3. ADJUSTMENTS		- 5,333	XXX		- 372	XXX
4. TOTAL AVAILABLE FOR DISPOSITION	269	2,892,059	XXX	40	247,955	XXX
DISPOSITIONS BY CON- TRACTOR IN POSSESSION	5. RETENTIONS AT COST	XXX	-	XXX	-	-
	6. SOLD AS USABLE PROPERTY	XXX	8,480	2,878	XXX	25,716
	7. SOLD AS SALVAGE	XXX	-	-	XXX	-
	8. SOLD AS SCRAP	XXX	116,704	39,981	XXX	-
	9. ABANDONED OR DESTROYED	XXX	546	XXX	XXX	XXX
DISPOSITIONS BY NAVY	10. REDISTRIBUTED WITHIN NAVY	XXX	26,063	XXX	XXX	XXX
	11. TRANSFERRED TO AIR FORCE	XXX	100,078	XXX	XXX	1,187
	12. TRANSFERRED TO ARMY	XXX	8,071	XXX	XXX	3,881
	13. TRANSFERRED TO OTHER GOV'T AGENCIES WITHOUT REIMBURSEMENT	XXX	-	XXX	XXX	XXX
	14. TRANSFERRED TO OTHER GOV'T AGENCIES WITH REIMBURSEMENT	XXX	-	-	XXX	-
	15. ABANDONED OR DESTROYED	XXX	54,399	XXX	XXX	XXX
	16. TRANSFERRED TO STOCKPILE	XXX	-	XXX	XXX	XXX
	17. DONATED TO EDUCATIONAL INST.	XXX	2,952	XXX	XXX	8,865
	18. OTHER DONATIONS	XXX	-	XXX	XXX	XXX
	19. SOLD AS USABLE PROPERTY	XXX	-	-	XXX	-
	20. SOLD AS SALVAGE	XXX	-	-	XXX	-
	21. SOLD AS SCRAP	XXX	200,503	2,659	XXX	-
	22. STORAGE AGREEMENT WITH CONT.	XXX	-	XXX	XXX	XXX
23. TOTAL DISPOSITIONS	74	517,796	45,518	9	39,649	3,447
24. ON HAND END OF PERIOD	195	2,374,263	---	31	208,306	---
25. (a) FERROUS-SCRAP SOLD	TONS	86	PROCEEDS \$ 3,604.00			
(b) NON-FERROUS SCRAP SOLD	LBS.	-	PROCEEDS			
(c) OTHER SCRAP SOLD	Silver Scrap 43,465 Troy ounces				PROCEEDS 39,035.00	
26. REMARKS						

SIGNATURE

B. L. STEWART

DATE

4 NOVEMBER 1957

cc: SINM NE

Figure 12-20a. Report Of Disposition Of Private Plant Personal Property  
NAVEXOS-3123 (11-56) (Front)

## INSTRUCTIONS FOR PREPARATION OF NAVEXOS FORM 3123

## 1. General Instructions:

## (a) Navexos-3123 will be submitted by:

- (1) Each field office authorized to dispose of surplus contractor inventory. Such report will cover surplus dispositions effected and/or approved by the disposal office during the month.
- (2) Each Inspector of the Material Inspection Service, USN, (INSMAT, BAR, SUPSHIPS, INSMACH, INSORD, etc). Such report shall indicate all redistribution actions (items 10 through 14) accomplished by the Inspector as a result of screening, i.e., redistribution within the Navy, only where a change in bureau cognizance is involved, transfers to the Army or Air Force, transfers to other Government agencies, etc.

## (b) Navexos-3123 reports will be forwarded to the Office of Naval Material in duplicate by the fifth of the month following the month reported on. Negative reports are required.

## (c) Cost value will be estimated in all cases where actual cost data are not available. In reporting cost and proceeds of property, omit cents.

## (d) Dispositions will be reported,

- (1) when the property is physically removed, or
- (2) upon issuance of a letter by the disposal office approving retention or disposition by the contractor, or
- (3) upon execution of a storage agreement with the contractor by the Navy, or
- (4) upon receipt of notice by the disposal office of storage by the contractor.

Note: The issuance of shipping instructions does not in itself close a case or constitute plant clearance.

## 2. Columnar Instructions:

- (a) Contractor Inventory (Excluding Facilities), number of cases. In this column insert the number of cases of Contractor Inventory on hand at the beginning of the month, received, disposed of by authorized means and on hand at the end of the month.
- (b) Contractor Inventory (Excluding Facilities), Cost. In this column insert the cost value of Contractor Inventory on hand at the beginning of the month, received, disposed of by authorized means and on hand at the end of the month.
- (c) Contractor Inventory (Excluding Facilities), Proceeds. In this column insert the proceeds arising from the sale or retention of Contractor Inventory by the contractor in possession, and the proceeds from the sale, or transfer with reimbursement, by the disposal office.
- (d) Facilities, number of cases. In this column insert the number of cases of Facilities on hand at the beginning of the month, received, disposed of by authorized means and on hand at the end of the month.
- (e) Facilities, Cost. In this column insert the cost value of Facilities on hand at the beginning of the month, received, disposed of by authorized means and on hand at the end of the month.
- (f) Facilities, Proceeds. In this column insert the proceeds arising from the sale of facilities by the contractor in possession, and the proceeds from the sale and/or transfer with reimbursement by the disposal office.

## 3. Specific Instructions:

- (a) Line 3 - Indicate plus or minus adjustment(s).
- (b) Line 25 - In entering data for this item, include dispositions by the contractors in possession.

Figure 12-20b. Report Of Disposition Of Private Plant Personal  
Property, NAVEXOS-3123 (11-56) (Reverse)

Case No.	Sale No.		Bid Opening
Material			
Name And Address Of Bidder	Telephone	Date	Remarks
Bids Solicited By (Signature)			

Figure 12-21. Suggested Format (No. 1) For Record Of Verbal Solicitations

Gentlemen:

This will acknowledge receipt of your communication requesting that your name be added to the list of bidders receiving Invitations to Bid on surplus property. It is noted that your request does not indicate the categories of material on which you may desire to bid. It is requested, therefore, that you supply this information by returning one copy of this letter marked to indicate the categories of interest to you.

Very truly yours,

Property Disposal Division  
By direction of the  
Inspector of Naval Material

1	Aircraft Components & Accessories	12	Office Furniture & Equipment
2	Chemicals	13	Paints, Sealers & Adhesives
3	Containers	14	Photographic Equipment
4	Electrical & Electronic Equipment	15	Plastics
5	Hardware	16	Precious Metal Scrap
6	Instruments & Laboratory Equipment	17	Refrigeration & Air Condition- ing Equipment
7	Machine Tools & Equipment	18	Scrap & Salvage
8	Materials Handling Equipment	19	Ship & Marine Equipment
9	Metals, ferrous & non-ferrous	20	Textiles
10	Motor Vehicles, Engines & Parts	21	All Categories
11	Other (Specify)		

Figure 12-22. Suggested Format (No. 2) Letter Of Inquiry To Prospective Bidders Who Fail To Indicate Specific Categories Of Material Of Interest To Them

SALVAGE REPRESENTATION			
Case No:		Ref No:	
DESCRIPTION & AMOUNT OF PROPERTY	TYPE OF PROPERTY	PRICE	TYPE OF TRANSACTION AND SPECIAL REQUIREMENTS
<p>The undersigned represents to the United States that the material covered by this agreement is retained or purchased by it for its manufacturing, construction, maintenance, or repair purposes, and that it intends to use the material for said purposes in other than its existing form, and that it is not retaining or purchasing the material with the intention of reselling the material in its existing form.</p> <div style="text-align: right; margin-top: 20px;"> <p>..... Name of Company</p> <p>..... Company Address</p> <p>..... Company Representative</p> <p>..... Date</p> </div>			

Figure 12-23. Suggested Format (No. 3) For Salvage Representation

Post On Ledger Sheet For Case No.						
	Transaction				Cost    Proceeds	
	Increase(x)	Decrease(x)	By Contractor	By Navy		
Adjustments			xxx	xxx		xxx
Retention At Cost	xxx	xxx		xxx		
Sold As Usable	xxx	xxx				
Sold As Salvage	xxx	xxx				
Sold As Scrap	xxx	xxx				
Ferrous Scrap Sold	Tons					
Non-Ferrous Scrap Sold	Lbs.					
Other Scrap Sold	Lbs.					
Identify Basic Document By Number And/Or Date						
Remarks						
Reported By (Signature)						Date

Figure 12-24. Suggested Format (No. 4) For Authorizing Postings To  
The Case Ledger Sheet For Contractor Inventory  
(NAVEXOS-3718)

